

STATE OF MONTANA
Public Employees' Retirement Board
A Component Unit of the State of Montana
Comprehensive Annual Financial Report



**For the Fiscal Year Ended
June 30, 2007**

Public Employees' Retirement System - Defined Benefit Retirement Plan

Judges' Retirement System

Highway Patrol Officers' Retirement System

Sheriffs' Retirement System

Game Wardens' and Peace Officers' Retirement System

Municipal Police Officers' Retirement System

Firefighters' Unified Retirement System

Volunteer Firefighters' Compensation Act

Public Employees' Retirement System - Defined Contribution Retirement Plan

Deferred Compensation (457) Plan

Prepared By:

The Fiscal Services Bureau

**Public Employee Retirement Administration
100 North Park, Suite 200 ~ P O Box 200131
Helena, MT 59620-0131
(406) 444-3154**

Table of Contents

Introductory Section

| | |
|--|----|
| Letter of Transmittal | 5 |
| Public Employees' Retirement Board | 12 |
| Montana Public Employee Retirement Administration Organizational Chart | 13 |
| Legislative Highlights | 14 |

Financial Section

| | |
|---|----|
| Independent Auditor's Report | 17 |
| Management's Discussion & Analysis | 19 |
| Basic Financial Statements: | |
| <i>Statement of Fiduciary Net Assets -Pension Trust Funds</i> | 34 |
| <i>(The notes to the financial statements are an integral part of this statement)</i> | |
| <i>Statement of Changes in Fiduciary Net Assets -Pension Trust Funds</i> | 36 |
| <i>(The notes to the financial statements are an integral part of this statement)</i> | |
| <i>Notes to the Financial Statements</i> | 38 |
| Required Supplementary Information: | |
| Schedule of Funding Progress..... | 80 |
| Schedule of Employer Contributions and Other Contributions..... | 82 |
| Notes to the Required Supplementary Information | 84 |
| Supporting Schedules: | |
| Schedule of Administrative Expenses..... | 87 |
| Schedule of Investment Expenses | 88 |
| Schedule of Consultants | 89 |
| Detail of Fiduciary Net Assets (PERS-DBRP, PERS-DBEd)..... | 90 |
| Detail of Changes in Fiduciary Net Assets (PERS-DBRP, PERS- DBEd)..... | 91 |
| Detail of Fiduciary Net Assets (PERS-DCRP, PERS-DCEd and DC Disability)..... | 92 |
| Detail of Changes in Fiduciary Net Assets (PERS-DCRP, PERS-DCEd and DC Disability) | 92 |

Investment Section

| | |
|--------------------------------------|-----|
| Report on Investment Activity | 93 |
| Rates of Return by Asset Class | 94 |
| Schedules of Asset Mix..... | 98 |
| Schedule of Largest Holdings | 106 |
| Investment Summary | 110 |

Actuarial Section

| | |
|--|-----|
| Actuary's Certification..... | 113 |
| Summary of Actuarial Assumptions and Methods..... | 115 |
| Schedule of Active Member Valuation Data | 118 |
| Schedule of Active Member Composition | 120 |
| Schedule of Retirants and Beneficiaries Added to and Removed from Rolls..... | 122 |
| Solvency Test..... | 124 |
| Summary of Actuarial (Gain)/Loss by Source | 126 |
| Summary of Defined Benefit Plan Provisions | 128 |

Statistical Section

| | |
|---|-----|
| Summary of Statistical Data | 147 |
| Changes in Net Assets | 148 |
| History of Actuarial Accrued Liabilities | 155 |
| Schedule of Fair Values by Type of Investment..... | 158 |
| Schedule of Contribution Rate History..... | 165 |
| Schedule of Benefit Expenses by Type | 168 |
| Schedule of Distributions Processed | 172 |
| Schedule of Retired Members by Type of Benefit | 174 |
| Distribution of Defined Benefit Recipients by Location..... | 180 |
| Average Benefit Payments..... | 182 |
| Schedule of Average Monthly Benefit Payments, All Retirees..... | 190 |
| Principal Participating Employers | 192 |
| Schedule of Participating Employers | 196 |

INTRODUCTORY SECTION

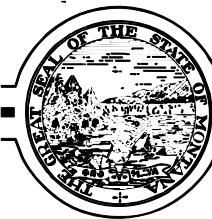
Mission Statement of the PERB

The Montana Public Employees' Retirement Board will fiduciarily administer its retirement plans and trust funds, acting in the best interest of the members and beneficiaries.

Mission Statement of the MPERA

The Montana Public Employee Retirement Administration will efficiently provide quality benefits, education and service to help our plan members and beneficiaries achieve a quality retirement.

PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION



BRIAN SCHWEITZER
GOVERNOR

STATE OF MONTANA

HELENA (406) 444-3154
TOLL FREE (877) 275-7372
FAX (406) 444-5428



100 N. PARK, SUITE 200
PO BOX 200131
HELENA, MT 59620-0131

December 10, 2007

The Honorable Brian Schweitzer
Governor of Montana
Room 204, State Capitol
PO Box 200801
Helena, MT 59620-0801

Dear Governor Schweitzer:

The Public Employees' Retirement Board (PERB) and its staff, the Montana Public Employee Retirement Administration (MPERA), are pleased to submit this *Comprehensive Annual Financial Report* (CAFR) for the fiscal year ended June 30, 2007, in accordance with 19-2-407, Montana Code Annotated. The purpose of this letter is to introduce the basic financial statements and provide an analytical overview of the trust funds' financial activities.

The management of Montana Public Employee Retirement Administration assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. This CAFR was prepared in conformance with the principles of governmental accounting and reporting set forth by the Governmental Accounting Standards Board, including the Management's Discussion and Analysis (MD&A). Defined benefit and defined contribution transactions are reported on the accrual basis of accounting. The MD&A, beginning on page 19, is a management discussion of the financial position of the retirement plans. It provides an overview and analysis of the plans' basic financial statements. This letter of transmittal is intended to complement the MD&A and the two should be read in conjunction.

ORGANIZATIONAL STRUCTURE AND REPORT CONTENTS

The PERB is a discretely presented component unit Pension Trust Fund of the State of Montana financial reporting entity. For this reason, the financial statements contained in this report are also included in the State of Montana's *Comprehensive Annual Financial Report*. Fiduciary responsibility for the systems rests with the PERB, which consists of seven members, appointed by the Governor. The members are assigned five-year, staggered terms. The Board is required to approve a final budget before the beginning of the fiscal year. The MPERA management develops the budget for all plans administered and presents it to the Board. As gov-

INTRODUCTORY SECTION

erned by statute, the Board's defined benefit administrative expenses may not exceed 1.5% of the total defined benefit plan retirement benefits paid. Costs for the Board to administer the defined contribution plans are included as part of the administrative expenses of the plans. The budget is monitored throughout the year and quarterly updates are provided.

The Public Employees' Retirement Board administers ten separate retirement plans, each reported in this CAFR. They include the *Public Employees' Retirement System-Defined Benefit Retirement Plan* (in its 63rd year of operation) and *Public Employees' Retirement System-Defined Contribution Retirement Plan, Judges' Retirement System, Highway Patrol Officers' Retirement System, Sheriffs' Retirement System, Game Wardens' and Peace Officers' Retirement System, Municipal Police Officers' Retirement System, Firefighters' Unified Retirement System, Volunteer Firefighters' Compensation Act and the Deferred Compensation (457) Plan*. The CAFR is divided into the following five sections:

- an *Introductory Section*, which contains the table of contents, this letter of transmittal, administrative organization, and legislative highlights;
- a *Financial Section*, which contains the report of the Independent Auditors, the Management's Discussion and Analysis, the financial statements of the PERB, the notes to the financial statements, certain required supplementary information and supporting schedules of administrative expenses, investment expenses and payments to consultants;
- an *Investment Section*, which contains a report on investment activity, investment policies, investment results and various investment schedules;
- an *Actuarial Section*, which contains the Actuary's Certification Letter and the results of the latest actuarial valuation; and,
- a *Statistical Section*, which includes significant data pertaining to the plans.

The pages that follow report the facts and figures that are the result of dedicated work, new initiatives, improved processes and continuing efforts made to meet the needs of our customers. We trust that you and the members of the plans will find this CAFR helpful in understanding the retirement plans.

ECONOMIC CONDITION AND OUTLOOK

The economic outlook of the plans is based primarily upon investment earnings. For fiscal year 2007, the PERS-DBRP experienced a 17.96 percent rate of return, for the last three years an average annualized rate of return of 11.64 percent and for the last five years an average annualized rate of return of 10.97 percent. The plans are required by law to be maintained on an actuarially sound basis which protects participants' future benefits.

The positive returns in fiscal year 2007 and the legislation passed in the 2007 Legislative Session to address the unfunded liability of PERS, SRS and GWPORS countered the negative affect on earnings of the bear markets of 2001 and 2002. Although recovery has been slow, we anticipate that over the long-term the earning rates will continue to meet the actuarial assumed rate of 8 percent.

INTRODUCTORY SECTION

Effective July 1, 2007, House Bill 131 addressed the funding issue by increasing employer contributions and/or setting a new Guaranteed Annual Benefit Adjustment (GABA) for new hires on or after July 1, 2007. An explanation of House Bill 131 can be found in the Legislative Highlights of the *Introductory Section* beginning on page 14.

The actuarial valuations for the eight defined benefit plans, dated June 30, 2007, show all the plans to be actuarially sound, with one plan having an Unfunded Credit. The amortization period for the Unfunded Liability (Actuarial Surplus) for the defined benefit plans, as of June 30, 2007, are as follows:

| | | | |
|-------|--------------------------------|--------|------------|
| PERS | 21.9 years | GWPORS | 11.3 years |
| JRS | 30.0 years (Actuarial Surplus) | MPORS | 20.5 years |
| HPORS | 19.1 years | FURS | 12.9 years |
| SRS | 19.6 years | VFCA | 5.1 years |

The PERB contracts with consultants for professional services, which are essential to the effective and efficient operation of the plans. A listing of consultants the PERB has contracted with can be found on page 89.

The investments of the pension trust funds are governed, primarily, by an investment standard known as the “prudent expert principle.” The prudent expert principle is constitutionally and statutorily mandated and establishes a standard for all fiduciaries, which includes anyone having authority with respect to the pension trusts. The prudent expert principle states that fiduciaries will discharge their duties solely in the interest of the trust funds’ participants and beneficiaries and with the degree of diligence, care and skill which prudent experts would ordinarily exercise under similar circumstances in a like position. By following the prudent expert principle and permitting further diversification of investments within a fund, the fund may reduce overall risk and increase returns. The prudent expert principle permits the PERB to establish an investment policy based upon certain investment criteria and allows for the delegation of investment authority to the Board of Investments (BOI), Department of Commerce. The statement of investment policy outlines the responsibility for the investment of the funds and the degree of risk that is deemed appropriate for the trust funds. Investment officers are to execute the investment policy in accordance with statutory authority, the PERB’s policy and their respective guidelines, but are to use full discretion within the policy and guidelines. A summary of the asset allocations can be found in the *Investment Section* of this annual report.

Pension trust funds are well-funded when there is enough money in reserve to meet all expected future obligations to participants. The PERB’s funding objective is to meet long-term benefit promises through contributions that remain approximately level as a percent of member payroll. The greater the level of funding, the larger the ratio of assets accumulated to the actuarial accrued liability and the greater the level of investment potential. The advantage of a well-funded plan is participants can see assets that are committed to the payment of benefits. A detailed discussion of funding is provided in the *Actuarial Section* of this annual report.

INTRODUCTORY SECTION

The *Statistical Section* of this annual report includes the five objectives according to GASB 44: financial trends, revenue capacity, debt capacity, demographic and economic information and operating information, and incorporates statistics regarding retirees and employers contributions, assets held and benefits/distributions paid.

The PERS-DCRP was implemented July 1, 2002. New hires of the PERS have the option of choosing participation in either the defined benefit retirement plan (DBRP) or the defined contribution retirement plan (DCRP). University employees also have a third option of joining the Optional Retirement Program (ORP) administered by the Teachers Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF New York, NY).

All new hires are offered Plan Choice Educational workshops funded by a percentage of employer contributions. Education to our members and employers is a top priority. We continue to add workshops and member services through our website.

The fiscal year 2007 accomplishments of MPERA are: actuary process improvements; automation of the DROP member processing; database changes through use technology to automate processes for accounting. The Retiree database has additional security and technology was used to automate processes.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Montana Public Employees' Retirement Board for its comprehensive annual financial report for the fiscal year ended June 30, 2006. This was the ninth consecutive year that the Montana Public Employees' Retirement Board has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government entity must publish an easily readable and efficiently organized *Comprehensive Annual Financial Report*. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current *Comprehensive Annual Financial Report* continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

PUBLIC PENSION COORDINATING COUNCIL PUBLIC PENSION STANDARDS AWARD

MPERA has also received the Public Pension Coordinating Council (PPCC), Public Pension Standards Award for 2007 in recognition of meeting the professional standards for plan design and administration set forth in the Public Pension Standards. Public Pension Standards were established in 2002 to reflect minimum expectations for public retirement system management and administration. The Standards serve as a benchmark by which to measure public defined benefit plans. All public retirement systems and the state and local government that sponsor them are encouraged to meet the Standards. This is the third time MPERA has received this award.

INTRODUCTORY SECTION

ACKNOWLEDGEMENTS

The compilation of this report reflects the efforts of the fiscal services bureau accounting staff of the Montana Public Employee Retirement Administration. This report is intended to provide complete and reliable information to facilitate the management decision process, as a means of determining compliance with legal provisions, and as a means of determining responsible stewardship of the funds of the plans. As in the past, MPERA received an unqualified opinion from our independent auditors on the financial statements included in this report. This opinion provides assurance that the financial statements can be relied upon. The independent auditor's opinion letter can be found on page 17.

The reporting employers of each retirement system form the link between the plans and the members. Their cooperation contributes significantly to the success of the plans. We hope the employers and their employees find this report informative.

We would like to take this opportunity to express our gratitude to the staff, the advisors and the many people who have worked so diligently to assure the successful operation of the plans.

Respectfully submitted,

/s/ Roxanne Minnehan

/s/ N. Jay Klawon

Roxanne Minnehan, Executive Director
Montana Public Employee Retirement Administration

N. Jay Klawon, President
Public Employees' Retirement Board

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

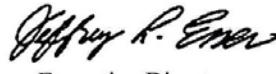
**Montana Public Employees'
Retirement Board**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President



Executive Director



**Public Pension Coordinating Council
Public Pension Standards
2007 Award**

Presented to

Montana Public Employee Retirement Board

In recognition of meeting professional standards for
plan design and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

A handwritten signature in black ink that reads "Alan H. Winkle".

Alan H. Winkle
Program Administrator

INTRODUCTORY SECTION

Public Employees' Retirement Board *A Component Unit of the State of Montana*



Photo courtesy of Kim Flatow

Back Row: John Nielsen, Jay Klawon, and John Paull.
Front Row: Elizabeth Nedrow, Robert Griffith, Troy McGee, and Terrence Smith.

N. Jay Klawon, President
Hamilton
Investment Experience
Investment Representative
Edward Jones
Term Expires 3/31/2009

Troy McGee
Helena
PERS Retired Member
Term Expires 3/31/2008

Terrence Smith
Bozeman
PERS-DCRP Active Public
Employee
Financial Officer
Big Sky Water & Sewer
District
Term Expires 3/31/2009

John Paull, Vice President
Butte
Active Public Employee
Fireman
Term Expires 3/31/2010

Robert Griffith
Helena
Member at Large
Term Expires 3/31/2008

Elizabeth Nedrow,
Past President, Resigned
Billings
Member at Large
Attorney
Holland & Hart
Term Expires 3/31/2011

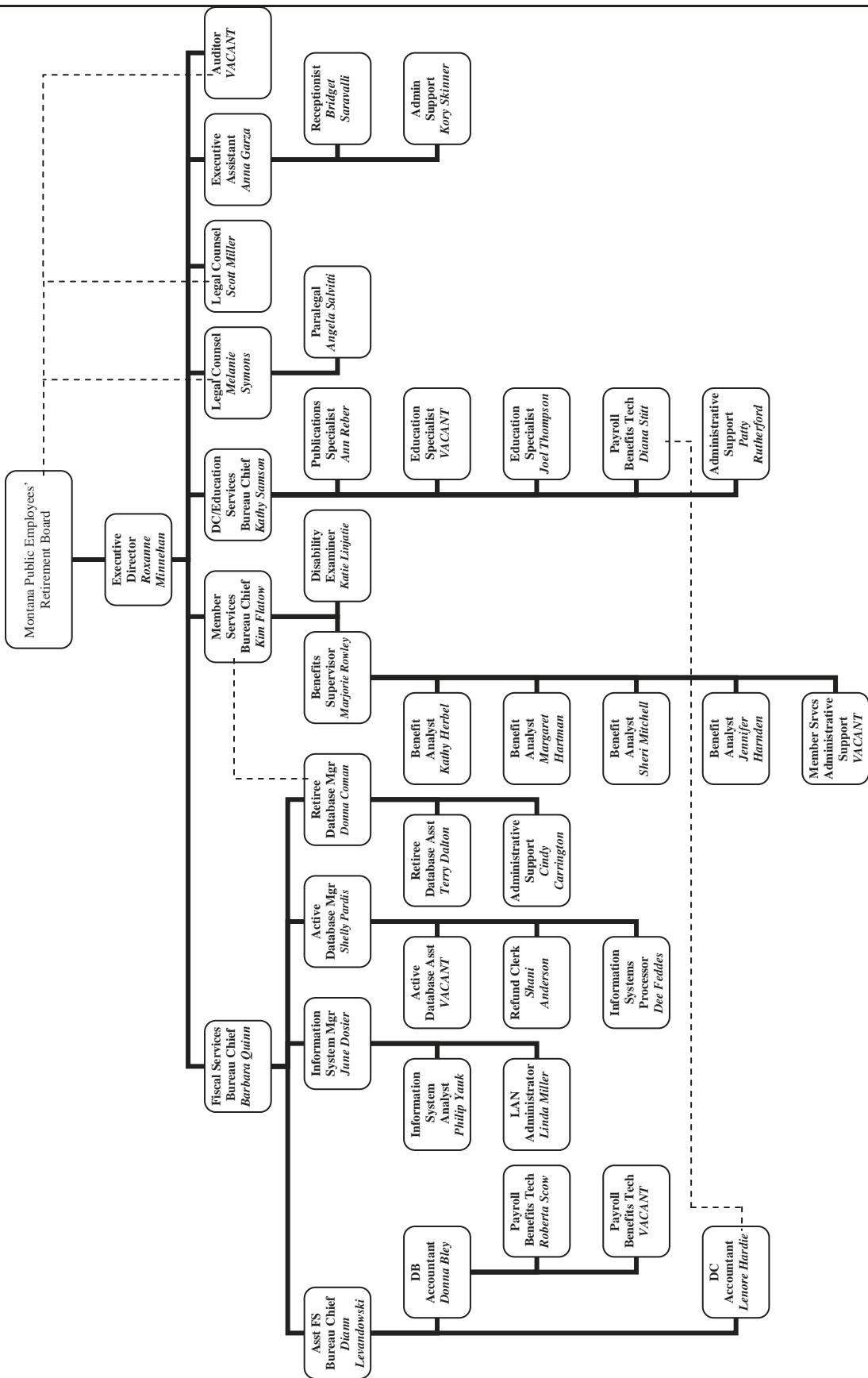
John Nielsen
Glendive
PERS Active Public
Employee
Term Expires 3/31/2012

Public Employees' Retirement Board

A Component Unit of the State of Montana

MPERA Organizational Chart

INTRODUCTORY SECTION



INTRODUCTORY SECTION

2007 Legislative Highlights

General Revisions for all Systems — House Bill 129

Every legislative session, MPERA proposes changes to clarify statutes and to ensure Internal Revenue Code qualification. The general revisions bill, effective October 1, 2007, highlights are:

- **PERS Membership for Appointed Officials:** Elected officials have the right to become a member of the Public Employees' Retirement System (PERS). Amendments to §19-3-412, MCA, ensure that individuals who are appointed to fill the unexpired term of an elected official have the same opportunity.
- **Changes to Required Distributions:** Currently, if a terminated non-vested member has between \$200 and \$5,000 on account, MPERA must distribute the retirement account. Starting October 1, 2007, §19-2-602, MCA, will require distribution of amounts between \$200 and \$1,000 only. The account will be paid directly to the member unless the member elects to rollover the account to another eligible retirement plan. Balances of less than \$200 are paid directly to the member.
- **Working Retirees:** Retirees who return to public service through a professional employer arrangement, a leased employee arrangement, or as a temporary service contractor are subject to working retiree hour and earning limitations. These are:
 - ✓ PERS working retirees are limited to 960 hours in a calendar year.
 - ✓ The 60-day limitation for the Sheriff Retirement System (SRS) working retirees will change to 480 hours in any calendar year starting October 1, 2007.
 - ✓ Effective July 1, 2007, FURS retirees will also be able to work 480 hours before impacting retirement benefit. (Senate Bill 532).
 - ✓ No other systems provide for working retirees.

Working retirees may not return to employment covered by their retirement system until they have terminated employment for at least 30 days, been paid all compensation owed, and received at least one retirement benefit check.

Rural Fire Districts May Elect to Join Firefighter's Unified Retirement System (FURS) —Senate Bill 532

Effective July 1, 2007, rural fire districts can pass a resolution to participate in the Firefighters' Unified Retirement System (FURS). Current employees have 180 days from passage of the resolution to elect to join FURS. Employees hired after passage of the resolution automatically become members of FURS.

INTRODUCTORY SECTION

2007 Highlights (continued)

Rural firefighters who transfer to FURS will have three options for their PERS account:

1. Leave their PERS account intact;
2. Transfer their PERS account balance and receive proportional service in FURS; or
3. Transfer their entire PERS account balance and pay the actuarial cost to retain the same service they had in FURS.

Retirement Systems Funding for PERS, SRS, and GWPORS — House Bill 131

The regular 2007 legislature addressed the unfunded liability in PERS and SRS by 1) increasing employer contributions and 2) setting a new Guaranteed Annual Benefit Adjustment (GABA) for new members hired on or after July 1, 2007. Employee contribution rates do not change. The unfunded actuarial liability in GWPORS was addressed solely through changing the GABA for new members.

Increase in Employer Contributions

Employer contributions for PERS and SRS will increase in two phases; the first on July 1, 2007, and the second on July 1, 2009. The charts below show the employers' current contributions, increased contributions, and total contributions by employer type.

The increased contributions will end on July 1 immediately following an actuarial valuation determining that 1) the required amortization period is less than 25 years and 2) stopping the increased contributions will not cause the amortization period to exceed 25 years.

Public Employees' Retirement System (PERS)

| | June 30, 2007 Contributions | Phase 1 - July 1, 2007 | | Phase 2 - July 1, 2009 | |
|--|-----------------------------|-------------------------|---------------------|-------------------------|---------------------|
| | | Increased Contributions | Total Contributions | Increased Contributions | Total Contributions |
| State and University Employer Contribution Rate | 6.9% | 0.135% | 7.035% | 0.27% | 7.17% |
| Local Government Employer Contribution Rate | 6.8% | 0.135% | 6.935% | 0.27% | 7.07% |
| STATE Contribution for Local Governments | 0.1% | 0.0% | 0.1% | 0.0% | 0.1% |
| School District* Employer Contribution Rates | 6.8% | 0.0% | 6.8% | 0.0% | 6.8% |
| STATE Contribution for School District Employers | 0.1% | 0.135% | 0.235% | 0.27% | 0.37% |

*School Districts are defined as K-12

Sheriffs' Retirement System (SRS)

| | June 30, 2007 Contributions | Phase 1 - July 1, 2007 | | Phase 2 - July 1, 2009 | |
|------------------------|-----------------------------|-------------------------|---------------------|-------------------------|---------------------|
| | | Increased Contributions | Total Contributions | Increased Contributions | Total Contributions |
| Employer Contributions | 9.535% | 0.29% | 9.825% | 0.58% | 10.115% |

INTRODUCTORY SECTION

2007 Highlights (continued)

The employer contributions in PERS are increased for members of both the Defined Benefit (DBRP) and the Defined Contribution (DCRP) Retirement Plans. The increased contributions for the DCRP will be allocated first to pay down the Plan Choice Rate Unfunded Actuarial Liability and then to the long-term disability plan trust fund.

Guaranteed Annual Benefit Adjustment (GABA) for New Members

All PERS, SRS and GWPORS members who are hired or assume office on or after July 1, 2007, will be eligible for a 1.5% Guaranteed Annual Benefit Adjustment (GABA) when eligible for retirement and receiving a benefit under the systems' defined benefit retirement plans. The GABA changes do not affect current PERS, SRS and GWPORS members, whether active, inactive or retired. The GABA for Judges' Retirement System (JRS), Municipal Police Officers' Retirement System (MPORS), Firefighters' Unified Retirement System (FURS) and Highway Patrol Officers' Retirement System (HPORS) will remain at 3% for both current and new members.

Defined Contribution Retirement Plan Loan Paid — House Bill 125

House Bill 125 was introduced on the PERB's request to pay off the PERB's loan to fund the implementation costs of the Defined Contribution Retirement Plan (DCRP). The legislation creating the DCRP did not provide implementation funding; therefore, the PERB obtained a loan for those expenses. The loan was being repaid through a portion of the annual administrative fee assessed to DCRP participants. House Bill 125 passed by an overwhelming majority and was effective April 28, 2007. MPERA paid off the loan on May 8, 2007, using the appropriated funds, thus preventing an increase in administrative fees due to escalating loan payments.

Annual Actuarial Valuations and Reporting Requirements — House Bill 771

This legislation requires the PERB to retain a competent actuary who is an enrolled member of the American Academy of Actuaries and who is familiar with public systems of pension. This legislation also requires the PERB to contract for annual actuarial valuations of the retirement plans instead of the previous biennial valuation. The PERB shall annually at a public meeting present to the Board of Investments (BOI) a financial and actuarial report of the retirement systems and brief the BOI on any benefit changes being considered by the PERB that may affect trust fund obligations.

House Joint Resolution 59

While considering retirement proposals, the 2007 Legislature faced many issues, including retirement system actuarial soundness, employer objectives, employee retirement savings and the interest of Montana's taxpayers. These competing considerations led to the passage of House Joint Resolution 59 (HJR 59). The Resolution requests the Legislative Council to designate an appropriate interim committee to study state retirement systems and produce a guide for the next Legislature.

LEGISLATIVE AUDIT DIVISION

Scott A. Seacat, Legislative Auditor
Tori Hunthausen,
Chief Deputy Legislative Auditor



Deputy Legislative Auditors:
James Gillett
Jim Pellegrini

INDEPENDENT AUDITOR'S REPORT

The Legislative Audit Committee
of the Montana State Legislature:

We have audited the accompanying Statement of Fiduciary Net Assets – Pension Trust Funds of the Public Employees’ Retirement Board, a component unit of the state of Montana, as of June 30, 2007, and the related Statement of Changes in Fiduciary Net Assets – Pension Trust Funds for the year ended June 30, 2007. These financial statements are the responsibility of the Public Employees’ Retirement Board. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Public Employees’ Retirement Board as of June 30, 2007, and the changes in fiduciary net assets for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

Management’s Discussion and Analysis, the Schedule of Funding Progress, and the Schedule of Employer Contributions & Other Contributing Entities are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary

information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Public Employees' Retirement Board. The Schedules of Administrative Expenses, Investment Expenses, and Consultants; the Detail of Fiduciary Net Assets (PERS-DBRP and PERS-DBEd) and the Detail of Fiduciary Net Assets (PERS-DCRP, PERS-DCEd and PERS-DC Disability) as of June 30, 2007; and the related Detail of Changes in Fiduciary Net Assets (PERS-DBRP and PERS-DBEd) and the Detail of Changes in Fiduciary Net Assets (PERS-DCRP, PERS-DCEd and PERS-DC Disability) for the fiscal year then ended are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Introductory Section, Investment Section, Actuarial Section, and Statistical Section listed in the foregoing table of contents are presented for the purpose of additional analysis and are not a required part of the financial statements. Such additional information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Respectfully submitted,

/s/ James Gillett

James Gillett, CPA
Deputy Legislative Auditor

December 10, 2007

Public Employees' Retirement Board

A Component Unit of the State of Montana

Management's Discussion and Analysis

This section presents management's discussion and analysis of the Montana Public Employees' Retirement Board's (PERB) financial presentation and performance of the plans administered by the PERB for the year ending June 30, 2007. It is presented as a narrative overview and analysis and should be read in conjunction with the Letter of Transmittal included in the Introductory Section, the financial statements and other information which are presented in the Financial Section of this Component Unit Financial Report.

Financial Highlights

- ♦ The PERB's combined total net assets of the defined benefit plans increased by \$719.7 million or 16.9 percent in fiscal year 2007. The increase was primarily due to the investment income in each of the plans.
- ♦ The PERB's defined contribution plans combined total net assets increased by \$50.9 million or 18.7 percent in fiscal year 2007. The total increase in Net Assets was due to investment income and contributions in both the DCRP and the 457 plan.
- ♦ Revenues (additions to plan net assets) for the PERB's defined benefit plans for fiscal year 2007 was \$950.1 million, which includes member and employer contributions of \$189.9 million and net investment income of \$760.2 million.
- ♦ Revenues (additions to plan net assets) for the PERB's defined contribution plans for fiscal year 2007 was \$69.7 million, which includes member and employer contributions of \$27.2 million and net investment income of \$42.5 million.
- ♦ Expenses (deductions to plan net assets) for the PERB's defined benefit plans increased from \$214.0 million in fiscal year 2006 to \$230.4 million in fiscal year 2007 or about 7.7 percent. The increase in 2007 is primarily due to an increase in total benefit recipients and plan expenses.
- ♦ Expenses (deductions to plan net assets) for the PERB's defined contribution plans increased from \$14.5 million in fiscal year 2006 to \$18.9 million in fiscal year 2007 or about 30.3 percent. The increase in expenses is primarily due to an increase in distributions.
- ♦ The PERB's defined benefit plans' funding objectives are to meet long-term benefit obligations. As of June 30, 2007, the date of the latest actuarial valuation, all defined benefit plans are able to pay off any Unfunded Actuarial Liability within 30 years. As a whole the plans were actuarially funded at an average of 91 percent. It is important to understand this measure reflects the actuarial value of the defined benefit plans' net assets, which is currently less than the actual fair value published in the financial statements. Investment earnings are critical to the defined benefit plans and the market decline and associated investment losses in fiscal years 2001 and 2002 had major impacts on the plans. In 2005 the last part of the 2002 investments loss was recognized as part of our regular 4-year smoothing program.

FINANCIAL SECTION

- ♦ *The PERB introduced legislation to correct the funding problem in the 2005 Legislative Session; however, no legislation was passed. In 2007 several entities including the PERB introduced legislation to resolve the retirement funding issues that were prevalent in the past few years. The 2007 Legislature passed House Bill 131, which will help with future funding of the PERS, GWPORS and SRS.*

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the PERB's financial reporting which is comprised of the following components:

- (1) Financial Statements
- (2) Notes to the Financial Statements
- (3) Required Supplementary Information

Collectively, this information presents the combined net assets held in trust for pension benefits for each of the plans administered by the PERB as of June 30, 2007. This financial information also summarizes the combined changes in net assets held in trust for pension benefits for the year then ended. The information in each of these components is briefly summarized as follows:

- (1) Financial Statements for the fiscal year ended June 30, 2007, are presented for the fiduciary funds administered by the PERB. Fiduciary funds are used to account for resources held for the benefit of parties outside of the PERB. The fiduciary funds are held for participants in eight defined benefit plans and two defined contribution plans.
- The Statement of Fiduciary Net Assets is presented for the pension trust funds at June 30, 2007. These financial state-

ments reflect the resources available to pay benefits to retirees and beneficiaries, at the end of the year reported.

- The Statement of Changes in Fiduciary Net Assets is presented for the pension trust funds for the year ended June 30, 2007. These financial statements reflect the changes in the resources available to pay benefits to retirees and beneficiaries, at the end of the year reported.

- (2) The Notes to the Financial Statements provide additional information that is essential for a full understanding of the data provided in the financial statements. The information in the Notes to the Financial Statements is described as follows:

- Note A provides a summary of significant accounting policies, including the basis of accounting, capital assets and equipment used in operations, operating lease, GASB 50 Disclosures, summaries of investment vendors and other significant accounting policies or explanations.
- Note B provides information about litigation.
- Note C describes the debt obligation of the PERS-DCRP concerning the INTER-CAP implementation loan. House Bill 125 passed during the 2007 Legislative session provided for payment of the loan balance from the General Fund. This loan was paid off on May 8, 2007 in the amount of \$1,375,015.
- Note D describes the plans' membership and descriptions of the plans administered by the PERB. Summaries of benefits and contribution information are also provided.

(3) The required supplementary information consists of the schedules of funding progress and required contributions and related notes concerning actuarial information of the defined benefit pension plans administered by the PERB.

Financial Analysis of the Systems – Defined Benefit Plans

Investments

The State of Montana Board of Investments (BOI), as authorized by state law, invests the defined benefit plans' assets in investment pools. Each plan owns an equity position in the pools and receives proportionate investment income from the pool in accordance with respective ownership. The investment pools are: Montana Short Term Investment Pool, Montana Domestic Equity Pool, Retirement Fund Bond Pool, Montana International Equity Pool, Montana Real Estate Pool and Montana Private Equity Pool. Each plan's allocated share of the investment in the pools is shown in the Statement of Fiduciary Net Assets of the plan. Investment gains and losses are reported in the Statement of Changes in Fiduciary Net Assets.

Defined Benefit Plans Total

Investments

At June 30, 2007, the PERB's defined benefit plans held total investments of \$4.8 billion, an increase of \$697 million from fiscal year 2006 investment totals. On the next page are the schedules of Net Assets and Changes in Net Assets for the defined benefit plans including comparative totals from fiscal year 2006.

Analysis of Individual Systems

PERS-DBRP and Education

The PERS-DBRP provides retirement,

disability and death benefits for covered employees of the State, local governments and certain employees of the university systems and school districts. Member and employer contributions and earnings on investments fund the benefits of the plan. The PERS-DBRP and the Education Fund have been combined in these comparisons. The PERS-DBRP net assets held in trust for benefits at June 30, 2007 amounted to \$4.1 billion, an increase of \$582 million (16.5 percent) from \$3.5 billion at June 30, 2006.

Additions to the PERS-DBRP net assets held in trust for benefits include employer, member and state contributions and investment income. For the fiscal year ended June 30, contributions decreased to \$136.8 million in fiscal year 2007 from \$155.2 million in fiscal year 2006, a decrease of \$18.4 million (11.8 percent). Contributions decreased due to an increased number of members electing the PERS-DCRP instead of the PERS-DBRP plan. The plan had net investment income of \$629.6 million for the fiscal year ended June 30, 2007 compared with net investment income of \$293.7 million for the fiscal year ended June 30, 2006. The increase in investment income is due to greater investment returns.

Deductions from the PERS-DBRP net assets held in trust for benefits primarily include retirement benefits, refunds and administrative expenses. For fiscal year 2007, benefits amounted to \$166.2 million, an increase of \$12.3 million (8.0 percent) from fiscal year 2006. The increase in benefit payments was due to the increase in benefit recipients and the increase in the average recipient's benefit due to the guaranteed annual benefit adjustment (GABA). For fiscal year 2007, refunds amounted to \$13.6 million, an increase of \$234 thousand (1.8 percent) from fiscal year 2006. The increase in refunds was due to lar-

FINANCIAL SECTION

ger refunds. For fiscal year 2007, the costs of administering the plan's benefits amounted to \$2.7 million, a decrease of \$205 thousand (7.1 percent) from fiscal year 2006. The decrease in administrative expenses for the fiscal year 2007 was due to vacancy savings, a reduction in planned expenses on publications and other expenses associated with member communications.

An actuarial valuation of the PERS-DBRP assets and benefit obligations is usually performed every two years. House Bill 771, effective June 1, 2007 and passed during the 2007 Legislative session, requires valuations to be performed annually. At June 30, 2007, the date of the most recent actuarial valuation, the funded status of the plan increased to 91 percent from 88 percent at June 30, 2006.

Fiduciary Net Assets - Defined Benefit Plans

As of June 30, 2007 - and comparative totals for June 30, 2006

(dollars in thousands)

| | PERS | | JRS | | HPORS | | SRS | |
|-------------------------------|------------------|------------------|---------------|---------------|----------------|---------------|----------------|----------------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| Assets: | | | | | | | | |
| Cash and Receivables | 122,070 | 102,576 | 1,899 | 1,627 | 2,993 | 2,320 | 6,234 | 5,820 |
| Securities Lending Collateral | 202,100 | 67,426 | 3,070 | 1,044 | 5,113 | 1,760 | 9,737 | 3,268 |
| Investments | 3,982,097 | 3,419,270 | 60,036 | 51,067 | 99,833 | 86,474 | 190,690 | 159,936 |
| Property and Equipment | | | | | | | | |
| Intangible Assets | 213 | 103 | 2 | 1 | 2 | 1 | 3 | 2 |
| Total Assets | 4,306,480 | 3,589,375 | 65,007 | 53,739 | 107,941 | 90,555 | 206,664 | 169,026 |
| Liabilities: | | | | | | | | |
| Securities Lending Collateral | 202,100 | 67,426 | 3,070 | 1,044 | 5,113 | 1,760 | 9,737 | 3,268 |
| Other Payables | 943 | 966 | 7 | 7 | 27 | 27 | 81 | 89 |
| Total Liabilities | 203,043 | 68,392 | 3,077 | 1,051 | 5,140 | 1,787 | 9,818 | 3,357 |
| Total Net Assets | 4,103,437 | 3,520,983 | 61,930 | 52,688 | 102,801 | 88,768 | 196,846 | 165,669 |

Changes In Fiduciary Net Assets - Defined Benefit Plans

For the year ended June 30, 2007 - and comparative totals for June 30, 2006

(dollars in thousands)

| | PERS | | JRS | | HPORS | | SRS | |
|----------------------------------|----------------|----------------|---------------|--------------|---------------|---------------|---------------|---------------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| Additions: | | | | | | | | |
| Contributions | 136,791 | 155,161 | 1,588 | 1,562 | 4,924 | 4,033 | 9,307 | 7,245 |
| Investment Income (Loss) | 629,559 | 293,679 | 9,435 | 4,344 | 15,875 | 7,453 | 29,732 | 13,566 |
| Total Additions | 766,350 | 448,840 | 11,023 | 5,906 | 20,799 | 11,486 | 39,039 | 20,811 |
| Deductions: | | | | | | | | |
| Benefits | 166,188 | 153,886 | 1,772 | 1,743 | 6,460 | 6,365 | 6,770 | 6,152 |
| Refunds | 13,556 | 13,322 | | | 278 | 90 | 1,015 | 383 |
| Administrative Expenses | 2,681 | 2,886 | 8 | 12 | 28 | 31 | 77 | 77 |
| Miscellaneous Expenses | 1,420 | 1,248 | | | | | | |
| Total Deductions | 183,845 | 171,342 | 1,780 | 1,755 | 6,766 | 6,486 | 7,862 | 6,612 |
| Incr/(Decr) in Net Assets | 582,505 | 277,498 | 9,243 | 4,151 | 14,033 | 5,000 | 31,177 | 14,199 |
| Prior Period Adjustments | -51 | 65 | | | | | | |

FINANCIAL SECTION

The PERS-DBRP actuarial value of assets is less than actuarial liabilities by \$376.0 million at June 30, 2007, compared with \$460.2 million at June 30, 2006. The increase in funded status as of the last actuarial valuation is a result of investment returns greater than the actuarial assumption.

JRS

The JRS provides retirement, disability and death benefits for all Montana judges of the district courts, justices of the Supreme Court and the Chief Water Judge. Member and employer contributions and earnings on investments fund the benefits of the plan. The JRS net assets held in trust for benefits at June 30, 2007 amounted to \$61.9 million, an

| GWPORS | | MPORS | | FURS | | VFCA | | TOTAL | |
|--------|--------|---------|---------|---------|---------|--------|--------|-----------|-----------|
| 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| 2,692 | 2,907 | 13,605 | 12,958 | 12,916 | 12,185 | 2,254 | 1,921 | 164,663 | 142,314 |
| 3,619 | 1,158 | 10,097 | 3,349 | 9,607 | 3,189 | 1,302 | 464 | 244,645 | 81,658 |
| 70,659 | 56,614 | 197,708 | 165,079 | 188,022 | 157,225 | 25,298 | 21,563 | 4,814,343 | 4,117,228 |
| 3 | 2 | 2 | 1 | 2 | 1 | 2 | 3 | 229 | 114 |
| 76,973 | 60,681 | 221,412 | 181,387 | 210,547 | 172,600 | 28,856 | 23,951 | 5,223,880 | 4,341,314 |
| | | | | | | | | | |
| 3,619 | 1,158 | 10,097 | 3,349 | 9,607 | 3,189 | 1,302 | 464 | 244,645 | 81,658 |
| 48 | 58 | 72 | 66 | 61 | 56 | 49 | 46 | 1,288 | 1,315 |
| 3,667 | 1,216 | 10,169 | 3,415 | 9,668 | 3,245 | 1,351 | 510 | 245,933 | 82,973 |
| 73,306 | 59,465 | 211,243 | 177,972 | 200,879 | 169,355 | 27,505 | 23,441 | 4,977,947 | 4,258,341 |

| GWPORS | | MPORS | | FURS | | VFCA | | TOTAL | |
|--------|--------|--------|--------|--------|--------|-------|-------|---------|---------|
| 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| 5,837 | 5,418 | 15,669 | 14,766 | 14,096 | 13,333 | 1,661 | 1,610 | 189,873 | 203,128 |
| 10,838 | 4,594 | 31,080 | 14,091 | 29,577 | 13,409 | 4,103 | 1,853 | 760,199 | 352,989 |
| 16,675 | 10,012 | 46,749 | 28,857 | 43,673 | 26,742 | 5,764 | 3,463 | 950,072 | 556,117 |
| | | | | | | | | | |
| 2,085 | 1,835 | 12,692 | 12,032 | 11,851 | 11,040 | 1,637 | 1,564 | 209,455 | 194,617 |
| 702 | 490 | 717 | 599 | 241 | 46 | | | 16,509 | 14,930 |
| 47 | 49 | 70 | 68 | 56 | 58 | 50 | 48 | 3,017 | 3,229 |
| | | | | | | 13 | 11 | 1,433 | 1,259 |
| 2,834 | 2,374 | 13,479 | 12,699 | 12,148 | 11,144 | 1,700 | 1,623 | 230,414 | 214,035 |
| 13,841 | 7,638 | 33,270 | 16,158 | 31,525 | 15,598 | 4,064 | 1,840 | 719,658 | 342,082 |
| | | | | | | | | -51 | 65 |

FINANCIAL SECTION

increase of \$9.2 million (17.5 percent) from \$52.7 million at June 30, 2006.

Additions to the JRS net assets held in trust for benefits include member and employer contributions and investment income. For the fiscal year ended June 30, 2007, contributions amounted to \$1.59 million, an increase of \$26 thousand (1.7 percent) from fiscal year 2006. Contributions increased due to an increase in the number of participating members. The plan recognized net investment income of \$9.4 million for the fiscal year ended June 30, 2007 compared with net investment income of \$4.3 million for the fiscal year ended June 30, 2006. The increase in investment income is due to greater investment returns.

Deductions from the JRS net assets held in trust for benefits mainly include retirement benefits and administrative expenses. For fiscal year 2007, benefits amounted to \$1.8 million, an increase of \$29 thousand (1.7 percent) from fiscal year 2006. The increase for benefits was due to an increase in the average recipient's benefit. For fiscal year 2007, administrative expenses amounted to \$8 thousand, a decrease of \$4 thousand (29.8 percent) from fiscal year 2006. The decrease in administrative expenses for the fiscal year 2007 was due to vacancy savings, a reduction in planned expenses on publications and other expenses associated with member communications.

An actuarial valuation of the JRS assets and benefit obligations is usually performed every two years. House Bill 771, effective June 1, 2007 and passed during the 2007 Legislative session, requires valuations to be performed annually. At June 30, 2007, the date of the most recent actuarial valuation, the funded status of the plan increased to 157 percent from 139 percent at June 30, 2006. The JRS actuarial assets were more than actuarial li-

abilities by \$20.9 million at June 30, 2007, compared with a \$14.6 million actuarial surplus at June 30, 2006. The increase in funded status as of the last actuarial valuation is due to investment returns greater than the actuarial assumption.

HPORS

The HPORS provides retirement, disability and death benefits for members of the Montana Highway Patrol. Member and employer contributions, registration fees and earnings on investments fund the benefits of the plan. The HPORS net assets held in trust for benefits at June 30, 2007 amounted to \$102.8 million, an increase of \$14 million (15.8 percent) from \$88.8 million at June 30, 2006.

Additions to the HPORS net assets held in trust for benefits include employer and member contributions, registration fees and investment income. For the fiscal year ended June 30, contributions increased to \$4.9 million in fiscal year 2007 from \$4.0 million in fiscal year 2006, an increase of \$891 thousand (22.1 percent). Contributions increased due to an increase in the number of participating members and an increase in average annual salary. The plan recognized net investment income of \$15.9 million for the fiscal year ended June 30, 2007, compared with net investment income of \$7.5 million for the fiscal year ended June 30, 2006. The increase in investment income is due to greater investment returns.

Deductions from the HPORS net assets held in trust for benefits mainly include retirement benefits, refunds and administrative expenses. For fiscal year 2007, benefits amounted to \$6.5 million, an increase of \$95 thousand (1.5 percent) from fiscal year 2006. The increase in benefit payments was due to the increase in benefit recipients and in-

creases in the average recipient's benefit due to the guaranteed annual benefit adjustment (GABA). For fiscal year 2007 refunds amounted to \$278 thousand, an increase of \$188 thousand (209.1 percent) from fiscal year 2006. The increase in refunds was due to recent new hires terminating employment and requesting a refund. For fiscal year 2007, administrative expenses were \$28 thousand, a decrease of \$3 thousand (9.9 percent) from fiscal year 2006. The decrease in administrative expenses is due to vacancy savings, a reduction in planned expenses on publications and other expenses associated with member communications.

An actuarial valuation of the HPORS assets and benefit obligations is usually performed every two years. House Bill 771, effective June 1, 2007 and passed during the 2007 Legislative session, requires valuations to be performed annually. At June 30, 2007, the date of the most recent actuarial valuation, the funded status of the plan decreased to 75 percent from 78 percent at June 30, 2006. The HPORS actuarial assets were less than actuarial liabilities by \$32.5 million at June 30, 2007, compared with \$24.8 million at June 30, 2006. The asset returns were greater than the actuarial assumption. However, this was more than offset by increases in liabilities from salaries increasing more than expected. This result was a slight decrease in funded ratio.

SRS

The SRS provides retirement, disability and death benefits for all Department of Justice criminal investigators hired after July 1, 1993, detention officers and all Montana sheriffs. Member and employer contributions and earnings on investments fund the benefits of the plan. The SRS net assets held in trust for benefits at June 30, 2007 amounted to \$196.8 million, an increase of \$31.2 million

(18.8 percent) from \$165.7 million at June 30, 2006.

Additions to the SRS net assets held in trust for benefits include member and employer contributions and investment income. For the fiscal year ended June 30, contributions increased to \$9.3 million in fiscal year 2007 from \$7.2 million in fiscal year 2006, for an increase of \$2.1 million (28.5 percent). Contributions increased due to an increase in the total compensation reported for active members and as a result of an increased number of participating members contributing to the plan in accordance with a 2005 Legislative amendment. This legislation requires new detention officers to join SRS and allowed current detention officers to elect to participate in SRS. The plan recognized net investment income of \$29.7 million for the fiscal year ended June 30, 2007 compared with net investment income of \$13.6 million for the fiscal year ended June 30, 2006. The increase in investment income is due to greater investment returns.

Deductions from the SRS net assets held in trust for benefits mainly include retirement benefits, refunds and administrative expenses. For fiscal year 2007, benefits amounted to \$6.8 million, an increase of \$618 thousand (10.0 percent) from fiscal year 2006. The increase in benefit payments was due to an increase in benefit recipients and an increase in the average recipient's benefit due to the guaranteed annual benefit adjustment (GABA). For fiscal year 2007, refunds amounted to \$1.0 million, an increase of \$632 thousand (164.9 percent) from fiscal year 2006. The increase in refunds was due to turnover resulting from the additional detention officers entering into the plan. For fiscal year 2007, administrative expenses increased \$133 (0.2 percent) from fiscal year 2006. The slight increase is due to increased allocation

FINANCIAL SECTION

of administrative costs as a result of the change in membership.

An actuarial valuation of the SRS assets and benefit obligations is usually performed every two years. House Bill 771, effective June 1, 2007 and passed during the 2007 Legislative session, requires valuations to be performed annually. At June 30, 2007, the date of the most recent actuarial valuation, the funded status of the plan increased to 97 percent from 95 percent at June 30, 2006. The SRS actuarial assets were less than actuarial liabilities by \$5.1 million at June 30, 2007, compared with \$8.8 million at June 30, 2006. The increase in funded status as of the last actuarial valuation is due to investment returns greater than the actuarial assumptions.

GWPORS

The GWPORS provides retirement, disability and death benefits for game wardens, warden supervisory personnel and state peace officers. Member and employer contributions and earnings on investments fund the benefits of the plan. The GWPORS net assets held in trust for benefits at June 30, 2007 amounted to \$73.3 million, an increase of \$13.8 million (23.3 percent) from \$59.5 million at June 30, 2006.

Additions to the GWPORS net assets held in trust for benefits include member and employer contributions and investment income. For the fiscal year ended June 30, contributions increased to \$5.8 million in fiscal year 2007 from \$5.4 million in fiscal year 2006, for an increase of \$419 thousand (7.7 percent). Contributions increased due to an increased number of participating members and an increase in the average annual salary. The plan recognized net investment income of \$10.8 million for the fiscal year ended June 30, 2007 compared with net investment income of \$4.6 million for the fiscal year ended

June 30, 2006. The increase in investment income is due to greater investment returns.

Deductions from the GWPORS net assets held in trust for benefits mainly include retirement benefits, refunds and administrative expenses. For fiscal year 2007, benefits amounted to \$2.1 million, an increase of \$250 thousand (13.6 percent) from fiscal year 2006. The increase in benefit payments was due to the increase in benefit recipients and the increase in the average recipient's benefit due to the guaranteed annual benefit adjustment (GABA). For fiscal year 2007, refunds amounted to \$702 thousand, an increase of \$212 thousand (43.2 percent) from fiscal year 2006. The increase in refunds was due to an increased number of refunds and larger refunds due to the vesting of the correction officers. For fiscal year 2007, administrative expenses amounted to \$47.0 thousand, a decrease of \$1.9 thousand (3.9 percent) from fiscal year 2006. The decrease in administrative expenses is due to vacancy savings, a reduction in planned expenses on publications and other expenses associated with member communications.

An actuarial valuation of the GWPORS assets and benefit obligations is usually performed every two years. House Bill 771, effective June 1, 2007 and passed during the 2007 Legislative session, requires valuations to be performed annually. At June 30, 2007, the date of the most recent actuarial valuation, the funded status of the plan increased slightly to 94 percent from 92 percent at June 30, 2006. The GWPORS actuarial assets were less than actuarial liabilities by \$4.2 million at June 30, 2007, compared with \$5.4 million at June 30, 2006. The change in unfunded liability as of the last actuarial valuation is due to investment returns greater than the actuarial assumption and salaries increasing less than expected.

MPORS

The MPORS provides retirement, disability and death benefits for municipal police officers employed by first- and second-class cities and other cities that adopt the plan. MPORS also has an option for members to participate in a Deferred Retirement Option Plan (DROP). Member, employer and state contributions and earnings on investments fund the benefits of the plan. The MPORS net assets held in trust for benefits at June 30, 2007 amounted to \$211.2 million, an increase of \$33.3 million (18.7 percent) from \$177.9 million at June 30, 2006.

Additions to the MPORS net assets held in trust for benefits include employer, member, and state contributions and investment income. For the fiscal year ended June 30, contributions increased to \$15.7 million in fiscal year 2007 from \$14.8 million in fiscal year 2006, for an increase of \$903 thousand (6.1 percent). Contributions increased because the total compensation reported for active members increased and membership increased. The plan recognized net investment income of \$31.1 million for the fiscal year ended June 30, 2007 compared with net investment income of \$14.1 million for fiscal year ended June 30, 2006. The increase in investment income is due to greater investment returns.

Deductions from the MPORS net assets held in trust for benefits mainly include retirement benefits, refunds and administrative expenses. For fiscal year 2007, benefits amounted to \$12.7 million, an increase of \$660 thousand (5.5 percent) from fiscal year 2006. The increase in benefit payments was due to the increase in benefit recipients and the increase in the average recipient's benefit due to the guaranteed annual benefit adjustment (GABA). For fiscal year 2007, refunds amounted to \$717 thousand, an increase of \$118 thousand (19.7 percent) from fiscal year

2006. The increase in refunds was due to more refunds and larger DROP refunds. For fiscal year 2007, administrative expenses were \$70 thousand, an increase of \$2 thousand (3.0 percent) from fiscal year 2006. The increase in administrative expenses in fiscal year 2007 is due to a new DROP publication and the allocation of administrative expenses due to increased membership.

An actuarial valuation of the MPORS assets and benefit obligations is usually performed every two years. House Bill 771, effective June 1, 2007 and passed during the 2007 Legislative session, requires valuations to be performed annually. At June 30, 2007, the date of the most recent actuarial valuation, the funded status of the plan increased to 64 percent from 60 percent at June 30, 2006. The MPORS actuarial assets were less than actuarial liabilities by \$112.1 million at June 30, 2007, compared with \$115.2 million actuarial liabilities at June 30, 2006. The increase in funded status as of the last actuarial valuation is due to investment returns greater than the actuarial assumption.

FURS

The FURS provides retirement, disability and death benefits for firefighters employed by first- and second-class cities and other cities that adopt the plan, and firefighters hired by the Montana Air National Guard on or after October 1, 2001. Member, employer, and state contributions and earnings on investments fund the benefits of the plan. The FURS net assets held in trust for benefits at June 30, 2007 amounted to \$200.9 million, an increase of \$31.5 million (18.6 percent) from \$169.4 million at June 30, 2006.

Additions to the FURS net assets held in trust for benefits include employer, member, and state contributions and investment income. For the fiscal year ended June 30, contribu-

FINANCIAL SECTION

tions increased to \$14.1 million in fiscal year 2007 from \$13.3 million in fiscal year 2006, an increase of \$763 thousand (5.7 percent). Contributions increased because the number of members contributing to the plan increased and the total compensation reported for active members increased. The plan recognized net investment income of \$29.6 million for the fiscal year ended June 30, 2007 compared with net investment income of \$13.4 million for the fiscal year ended June 30, 2006. The increase in investment income is due to greater investment returns.

Deductions from the FURS net assets held in trust for benefits mainly include retirement benefits, refunds and administrative expenses. For fiscal year 2007, benefits amounted to \$11.9 million, an increase of \$811 thousand (7.3 percent) from fiscal year 2006. The increase in benefit payments was due to the increase in benefit recipients and the increase in the average recipient's benefit due to the guaranteed annual benefit adjustment (GABA). For fiscal year 2007, refunds amounted to \$241 thousand, an increase of \$195 thousand (424.6 percent) from fiscal year 2006. The increase in refunds was due to more refunds and refunds of accounts with larger balances. For fiscal year 2007, administrative expenses were \$56 thousand, a decrease of \$2 thousand (3.6 percent). The decrease in administrative expenses is due to vacancy savings, a reduction in planned expenses on publications and other expenses associated with member communications.

An actuarial valuation of the FURS assets and benefit obligations is usually performed every two years. House Bill 771, effective June 1, 2007 and passed during the 2007 Legislative session, requires valuations to be performed annually. At June 30, 2007, the date of the most recent actuarial valuation, the funded status of the plan increased to 70 per-

cent from 65 percent at June 30, 2006. The FURS actuarial assets were less than actuarial liabilities by \$80.9 million at June 30, 2007, compared with \$88.2 million actuarial liability at June 30, 2006. The increase in funded status as of the last actuarial valuation is due to investment returns greater than the actuarial assumption.

VFCA

The VFCA provides retirement, disability and death benefits for volunteer firefighters who are members of eligible volunteer fire companies in unincorporated areas. State contributions and earnings on investments fund the benefits of the plan. The VFCA net assets held in trust for benefits at June 30, 2007 amounted to \$27.5 million, an increase of \$4.1 million (17.3 percent) from \$23.4 million at June 30, 2006.

Additions to the VFCA net assets held in trust for benefits include state contributions and investment income. For the fiscal year ended June 30, contributions increased to \$1.66 million in fiscal year 2007 from \$1.61 million in fiscal year 2006, an increase of \$51 thousand (3.1 percent). Contributions increased because there was an increase in the fire insurance premium taxes collected. The plan recognized net investment income of \$4.1 million for the fiscal year ended June 30, 2007 compared with net investment income of \$1.9 million for the fiscal year ended June 30, 2006. The increase in investment income is due to greater investment returns.

Deductions from the VFCA net assets held in trust for benefits mainly include retirement benefits, administrative expenses and supplemental insurance payments. For fiscal year 2007, benefits amounted to \$1.6 million, an increase of \$73 thousand (4.7 percent) from fiscal year 2006. For fiscal year 2007, administrative expenses amounted to \$50 thousand,

an increase of \$2 thousand (4 percent) from fiscal year 2006. The increase in administrative expenses was due to conversion to mainframe database in fiscal year 2006. For fiscal year 2007, supplemental insurance payments amounted to \$12.9 thousand, an increase of \$1,500 from fiscal year 2006.

An actuarial valuation of the VFCA assets and benefit obligations is performed every two years. At June 30, 2007, the date of the most recent actuarial valuation, the funded status of the plan increased to 82 percent from 73 percent at June 30, 2006. The VFCA actuarial assets were less than actuarial liabilities by \$5.7 million at June 30, 2007, compared with \$8.6 million at June 30, 2006. The increase in funded status as of the last actuarial valuation is due to investment returns greater than the last actuarial assumptions and a liability gain due to improvements in the database maintenance and correct reporting of membership.

Actuarial Valuations and Funding Progress

An actuarial valuation of each of the PERB's defined benefit plans is usually performed every two years. House Bill 771, effective June 1, 2007 and passed during the 2007 Legislative session, requires valuations be performed annually. VFCA is the only plan that is not affected by House Bill 771. At the date of the most recent actuarial valuation, June 30, 2007, the funded status of each of the plans is shown in the Schedule of Funding Progress on pages 80 and 81.

The PERB funding objective is to meet long-term benefit obligations through investment income and contributions. Accordingly, the collection of employer and member contributions and the income from investments pro-

vide the reserves needed to finance future retirement benefits. Since investment earnings are critical to the defined benefit plans' funding, the market decline and associated investment losses in fiscal year 2001 through fiscal year 2003 have deteriorated the plans' funding. However, in more recent years there have been better returns and an increased funding status has occurred in all defined benefit plans over the previous valuation, except in the HPORS plan. Public pension plans are considered actuarially sound if the unfunded accrued actuarial liability amortization period is less than 30 years. Montana's constitution requires that public retirement plans be funded on an actuarially sound basis.

The PERB has been concerned with the funding of three of the eight defined benefit retirement plans administered. The three plans are the PERS-Defined Benefit Retirement Plan (PERS-DBRP), the Game Wardens' and Peace Officers' Retirement System (GWPORS) and the Sheriffs' Retirement System (SRS). Based on the PERB's June 30, 2007 Actuarial Valuations the unfunded liability in these three plans will be amortized in less than 30 years. In the 2007 Legislative Session, House Bill 131 was introduced and passed to address the funding of these three plans. House Bill 131, effective July 1, 2007, either addresses increases in employer contribution rates or decreases the guaranteed annual benefit adjustment (GABA) for new members or both.

Funding ratios range from a high of 156.74 percent (JRS) to a low of 63.88 percent (MPORS). The Schedule of Funding Progress on pages 80 and 81 shows the June 30, 2007 funding ratios compared with the ratios at June 30, 2006, June 30, 2005, June 30, 2004 and June 30, 2002. The table also shows the amount by which actuarial assets exceeded or fell short of actuarial liabilities. The funding

FINANCIAL SECTION

ratio increase is a result of the overall investment performance this past year, and the increase in the employer contribution and decrease in the guaranteed annual benefit adjustment (GABA). The actuary performs a smoothing of investment gains/losses over a period of four years. At June 30, 2007, the actuarial value of assets of all plans was less than the market value of assets by \$25 million. At June 30, 2006, the actuarial value of assets was less than the market value of assets by \$71 million.

Defined Contribution Plans

The PERB administers two defined contribution plans: The Public Employees' Retirement System-Defined Contribution Retirement Plan (PERS-DCRP) and the deferred compensation (457) Plan. The schedules of Net Assets and Changes in Net Assets for the two defined contribution plans are on page 32.

PERS-DCRP

The PERS-DCRP is established under Section 401(a) of the Internal Revenue Code. This plan provides retirement, disability and death benefits for plan members. This plan was available to all active PERS members effective July 1, 2002. All new hires to PERS have a 12-month window to file an irrevocable election to join the plan. The plan member and employer contributions and earnings on investments fund the benefits of the plan.

The PERB received a long-term INTERCAP loan through the Montana Department of Administration from the Board of Investments (BOI) to fund the plan implementation costs in fiscal year 2000. The loan was paid in full on May 8, 2007 with funding from the General Fund. This funding was due to House Bill 125, which passed in the 2007 Legislative session.

The plan net assets held in trust for benefits at June 30, 2007 amounted to \$42.0 million, an increase of \$11.4 million (37.1 percent) from \$30.6 million at June 30, 2006.

Additions to the PERS-DCRP net assets held in trust for benefits include contributions and investment income. Contributions increased \$2.6 million (40.6 percent) from \$6.5 million in fiscal year 2006 to \$9.1 million in fiscal year 2007. Contributions increased because of the number of members contributing to the plan increased. The plan recognized net investment income of \$5.4 million in fiscal year 2007, up from \$2.1 million in fiscal year 2006. The increase in investment income is due to greater investment returns.

Deductions from the PERS-DCRP net assets mainly include member distributions, administrative expenses and miscellaneous expenses. Distributions increased from \$1.6 million in fiscal year 2006 to \$2.6 million in fiscal year 2007. The \$1.0 million increase in distributions from 2006 to 2007 was due to more defined contribution members and retirees taking a distribution. The costs of administering the plan increased from \$227 thousand in fiscal year 2006 to \$253 thousand in fiscal year 2007, an increase of \$26 thousand (11.6 percent) from fiscal year 2006. The increase in administrative costs was due to being fully staffed. Miscellaneous expenses decreased from \$295 thousand in fiscal year 2006 to \$282 thousand in fiscal year 2007, a decrease of \$13 thousand (4.3 percent) from fiscal year 2006. The decrease in miscellaneous expenses was due to decreased membership fees.

Deferred Compensation (457) Plan

The deferred compensation plan is established under Section 457 of the Internal

Revenue Code. This plan is a voluntary supplemental retirement savings plan for those who choose to participate. The deferred compensation plan is funded by contributions and by investment earnings. The plan's net assets held in trust for benefits at June 30, 2007 amounted to \$288.9 million, an increase of \$40.7 million (16.4 percent) from \$248.2 million at June 30, 2006.

Additions to the deferred compensation plan net assets held in trust for benefits include contributions and investment income. For fiscal year 2007, contributions increased to \$18.1 million from \$17.3 million in fiscal year 2006, an increase of \$812 thousand (4.7 percent). Contributions increased because of an increased number of members participating in the plan due to new employers joining the plan. The plan recognized net investment income of \$37.1 million for fiscal year 2007 compared with net investment income of \$3.6 million for fiscal year 2006. The increased investment income is due to greater investment returns.

Deductions from the deferred compensation plan net assets mainly include member and beneficiary distributions, administrative expenses and miscellaneous expenses. For fiscal year 2007, distributions amounted to

\$14.7 million, an increase of \$3.3 million (28.4 percent) from \$11.4 million at June 30, 2006. The costs of administering the plan increased from \$204 thousand in fiscal year 2006 to \$225 thousand in fiscal year 2007, an increase of \$21 thousand (10.2 percent) from fiscal year 2006. The increase in administrative costs was due to more time being spent on development and maintenance of the 457 web payroll reporting. Miscellaneous expenses, the fees charged by the vendors to administer the plan, increased from \$737 thousand in fiscal year 2006 to \$781 thousand in fiscal year 2007, an increase of \$44 thousand (6.0 percent) from fiscal year 2006. The increase in miscellaneous expenses was due to increased membership.

FINANCIAL SECTION

Fiduciary Net Assets - Defined Contribution Plans

As of June 30, 2007 - and comparative totals for June 30, 2006

(dollars in thousands)

| | PERS-DCRP | | 457-PLAN | | TOTAL | |
|-------------------------------|-----------|--------|----------|---------|---------|---------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| Assets: | | | | | | |
| Cash and Receivables | 1,597 | 1,119 | 477 | 350 | 2,074 | 1,469 |
| Securities Lending Collateral | | 14 | | 5 | | 19 |
| Investments | 40,420 | 30,934 | 288,538 | 247,944 | 328,958 | 278,878 |
| Intangible Assets | 3 | 2 | 56 | 105 | 59 | 107 |
| Total Assets | 42,020 | 32,069 | 289,071 | 248,404 | 331,091 | 280,473 |
| Liabilities: | | | | | | |
| Securities Lending Collateral | | 14 | | 5 | | 19 |
| Other Payables | 32 | 1,435 | 182 | 172 | 214 | 1,607 |
| Total Liabilities | 32 | 1,449 | 182 | 177 | 214 | 1,626 |
| Total Net Assets | 41,988 | 30,620 | 288,889 | 248,227 | 330,877 | 278,847 |

Changes In Fiduciary Net Assets - Defined Contribution Plans

For the year ended June 30, 2007 - and comparative totals for June 30, 2006

(dollars in thousands)

| | PERS-DCRP | | 457-PLAN | | TOTAL | |
|---------------------------|-----------|-------|----------|--------|--------|--------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| Additions: | | | | | | |
| Contributions | 9,144 | 6,506 | 18,063 | 17,251 | 27,207 | 23,757 |
| Investment Income (Loss) | 5,415 | 2,098 | 37,102 | 3,618 | 42,517 | 5,716 |
| Total Additions | 14,559 | 8,604 | 55,165 | 20,869 | 69,724 | 29,473 |
| Deductions: | | | | | | |
| Distributions | 2,632 | 1,570 | 14,693 | 11,443 | 17,325 | 13,013 |
| Administrative Expenses | 253 | 227 | 225 | 204 | 478 | 431 |
| Miscellaneous Expenses | 282 | 295 | 781 | 737 | 1,063 | 1,032 |
| Total Deductions | 3,167 | 2,092 | 15,699 | 12,384 | 18,866 | 14,476 |
| Incr/(Decr) in Net Assets | 11,392 | 6,512 | 39,466 | 8,485 | 50,858 | 14,997 |
| Prior Period Adjustments | -23 | | 1,197 | 336 | 1,174 | 336 |

FINANCIAL SECTION

This page intentionally left blank

FINANCIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Statement of Fiduciary Net Assets - Pension Trust Funds as of June 30, 2007

| | PERS-DBRP | JRS | HPORS | SRS | GWPORS | MPORS |
|--|----------------------|-------------------|--------------------|--------------------|-------------------|--------------------|
| Assets | | | | | | |
| Cash and Short-term Investments | \$ 112,342,479 | 1,779,768 | 2,794,660 | 5,701,208 | 2,550,752 | 4,433,194 |
| Securities Lending Collateral (Note A5) | 202,100,050 | 3,070,040 | 5,112,689 | 9,736,752 | 3,619,441 | 10,096,737 |
| Receivables | | | | | | |
| Interest | 7,993,872 | 119,547 | 197,979 | 378,230 | 141,503 | 389,867 |
| Accounts Receivable | 1,164,166 | | | 128,530 | 216 | 104,928 |
| Due from Other Funds | 333,949 | | | 26,517 | | |
| Due from Primary Government | 150,538 | | | | | 8,677,428 |
| Notes Receivable | 85,246 | | | | | |
| Total Receivables | 9,727,771 | 119,547 | 197,979 | 533,277 | 141,719 | 9,172,223 |
| Investments, at fair value (Note A5) | | | | | | |
| Montana Domestic Equity Pool (MDEP) | 1,735,718,440 | 26,347,685 | 43,439,439 | 84,481,106 | 31,082,349 | 87,098,507 |
| Retirement Fund Bond Pool (RFBP) | 987,821,047 | 15,576,342 | 25,897,415 | 49,550,742 | 18,331,517 | 51,175,541 |
| Montana International Pool (MTIP) | 818,362,199 | 12,162,381 | 20,512,696 | 38,003,530 | 14,344,125 | 39,783,655 |
| Montana Private Equity Pool (MPEP) | 315,058,722 | 4,744,137 | 7,979,371 | 14,858,605 | 5,497,113 | 15,547,396 |
| Montana Real Estate Pool (MTRP) | 79,459,123 | 1,205,723 | 2,004,487 | 3,796,030 | 1,403,713 | 4,102,451 |
| Real Estate Investments | 8,816,422 | | | | | |
| Mortgages & Commercial Loans | | | | | | |
| net of Accumulated Mortgage Discount | 36,860,707 | | | | | |
| Defined Contributions Fixed Investments | | | | | | |
| Defined Contributions Variable Investments | | | | | | |
| Deferred Compensation Life Insurance | | | | | | |
| Total Investments | 3,982,096,660 | 60,036,268 | 99,833,408 | 190,690,013 | 70,658,817 | 197,707,550 |
| Capital Assets | | | | | | |
| Property and Equipment, at cost, | | | | | | |
| net of Accumulated Depreciation (Note A2) | 513 | | | | | |
| Intangible Assets, at cost, | | | | | | |
| net of Amortization Expense (Note A2) | 212,571 | 2,034 | 2,155 | 2,545 | 2,564 | 2,496 |
| Total Capital Assets | 213,084 | 2,034 | 2,155 | 2,545 | 2,564 | 2,496 |
| Total Assets | 4,306,480,044 | 65,007,657 | 107,940,891 | 206,663,795 | 76,973,293 | 221,412,200 |
| Liabilities | | | | | | |
| Securities Lending Collateral Liability | 202,100,050 | 3,070,040 | 5,112,689 | 9,736,752 | 3,619,441 | 10,096,737 |
| Accounts Payable | 397,679 | 177 | 177 | 5,295 | 2,046 | 5,982 |
| Due to Other Funds | 162,934 | 7,409 | 26,859 | 75,850 | 45,793 | 65,708 |
| Due to Primary Government | 78,064 | | | | | |
| Deferred Revenue | 67,759 | | | 14 | 389 | |
| Compensated Absences | 236,498 | | | | | 763 |
| Total Liabilities | 203,042,984 | 3,077,626 | 5,139,725 | 9,817,911 | 3,667,669 | 10,169,190 |
| Net Assets Held in Trust for Pension Benefits | | | | | | |
| (see schedule of funding progress, page 80) | \$ 4,103,437,060 | 61,930,031 | 102,801,166 | 196,845,884 | 73,305,624 | 211,243,010 |

The notes to the financial statements are an integral part of this statement.

FINANCIAL SECTION

| Defined Benefit Pension Plans | | | Defined Contribution Plans | | | Total Pension Trust Funds 2007 |
|-------------------------------|------------|-------------------------------------|----------------------------|-------------|----------------------------------|-----------------------------------|
| | | Total Defined Benefit Pension Plans | | | Total Defined Contribution Plans | |
| FURS | VFCA | PERS-DCRP | 457 Plan | Plans | | |
| 4,503,929 | 2,203,661 | 136,309,651 | 1,454,400 | 472,161 | 1,926,561 | 138,236,212 |
| 9,606,528 | 1,301,837 | 244,644,074 | | | | 244,644,074 |
| | | | | | | |
| 370,457 | 50,193 | 9,641,648 | 6,030 | 2,020 | 8,050 | 9,649,698 |
| 83,871 | | 1,481,711 | 12 | 2,337 | 2,349 | 1,484,060 |
| | | 360,466 | 136,416 | | 136,416 | 496,882 |
| 7,957,373 | | 16,785,339 | | | | 16,785,339 |
| | | 85,246 | | | | 85,246 |
| 8,411,701 | 50,193 | 28,354,410 | 142,458 | 4,357 | 146,815 | 28,501,225 |
| | | | | | | |
| 82,765,957 | 11,042,855 | 2,101,976,338 | | | | 2,101,976,338 |
| 48,813,017 | 6,542,177 | 1,203,707,798 | | | | 1,203,707,798 |
| 37,848,457 | 5,258,371 | 986,275,414 | | | | 986,275,414 |
| 14,849,782 | 1,950,858 | 380,485,984 | | | | 380,485,984 |
| 3,744,412 | 503,866 | 96,219,805 | | | | 96,219,805 |
| | | 8,816,422 | | | | 8,816,422 |
| | | 36,860,707 | | | | 36,860,707 |
| | | 1,804,789 | 159,668,919 | 161,473,708 | | 161,473,708 |
| | | 38,615,150 | 128,857,211 | 167,472,361 | | 167,472,361 |
| | | | 12,316 | 12,316 | | 12,316 |
| 188,021,625 | 25,298,127 | 4,814,342,468 | 40,419,939 | 288,538,446 | 328,958,385 | 5,143,300,853 |
| | | | | | | |
| | | 513 | | | | 513 |
| 2,358 | 2,241 | 228,964 | 3,022 | 55,639 | 58,661 | 287,625 |
| 2,358 | 2,241 | 229,477 | 3,022 | 55,639 | 58,661 | 288,138 |
| 210,546,141 | 28,856,059 | 5,223,880,080 | 42,019,819 | 289,070,603 | 331,090,422 | 5,554,970,502 |
| | | | | | | |
| 9,606,528 | 1,301,837 | 244,644,074 | | | | 244,644,074 |
| 2,056 | | 413,412 | 8,345 | 164,428 | 172,773 | 586,185 |
| 54,727 | 48,729 | 488,009 | 7,013 | 1,861 | 8,874 | 496,883 |
| | | 78,064 | 1,615 | 1,097 | 2,712 | 80,776 |
| 3,758 | | 71,920 | | | | 71,920 |
| | | 237,261 | 14,401 | 14,223 | 28,624 | 265,885 |
| 9,667,069 | 1,350,566 | 245,932,740 | 31,374 | 181,609 | 212,983 | 246,145,723 |
| 200,879,072 | 27,505,493 | 4,977,947,340 | 41,988,445 | 288,888,994 | 330,877,439 | 5,308,824,779 |

FINANCIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Statement of Changes in Fiduciary Net Assets - Pension Trust Funds
for the year ended June 30, 2007

| | PERS-DBRP | JRS | HPORS | SRS | GWPORS | MPORS |
|--|-------------------------|-------------------|--------------------|--------------------|-------------------|--------------------|
| Additions | | | | | | |
| Contributions (Note D) | | | | | | |
| Employer | \$ 66,901,746 | 1,249,433 | 3,634,397 | 4,386,168 | 2,637,596 | 4,282,817 |
| Plan Member | 69,054,206 | 338,856 | 988,310 | 4,848,984 | 3,190,366 | 2,708,560 |
| Membership Fees | 52 | | | | | |
| Interest Reserve Buyback | 95,694 | | 16,954 | 72,177 | 8,981 | 159 |
| Retirement Incentive Program | 291,985 | | | | | |
| Registration Fee Collections | | | 284,631 | | | |
| Miscellaneous Revenue | 1,536 | | | 30 | | 2 |
| State Contributions | 445,798 | | | | | 8,677,428 |
| Nonvested Member Forfeitures | | | | | | |
| Total Contributions | 136,791,017 | 1,588,289 | 4,924,292 | 9,307,359 | 5,836,943 | 15,668,966 |
| Investments (Note A5) | | | | | | |
| Net Appreciation (Depreciation) | | | | | | |
| in Fair Value of Investments | 457,602,129 | 7,088,188 | 11,303,873 | 23,335,976 | 8,576,141 | 23,650,313 |
| Interest | 167,854,762 | 2,283,061 | 4,465,849 | 6,188,510 | 2,187,418 | 7,216,119 |
| Dividends | 13,760,866 | 207,602 | 347,607 | 657,774 | 239,244 | 687,250 |
| Investment Expense | (10,055,948) | (149,499) | (251,906) | (468,711) | (171,546) | (492,997) |
| Net Investment Income | 629,161,809 | 9,429,352 | 15,865,423 | 29,713,549 | 10,831,257 | 31,060,685 |
| Securities Lending Income | | | | | | |
| Securities Lending Income | 7,545,107 | 114,928 | 193,621 | 360,694 | 131,789 | 374,689 |
| Securities Lending Rebate and Fees | (7,148,204) | (108,953) | (183,559) | (341,951) | (124,911) | (355,140) |
| Net Securities Lending Income | 396,903 | 5,975 | 10,062 | 18,743 | 6,878 | 19,549 |
| Total Net Investment Income | 629,558,712 | 9,435,327 | 15,875,485 | 29,732,292 | 10,838,135 | 31,080,234 |
| Total Additions | 766,349,729 | 11,023,616 | 20,799,777 | 39,039,651 | 16,675,078 | 46,749,200 |
| Deductions (Note D) | | | | | | |
| Benefits | 166,187,966 | 1,772,203 | 6,460,218 | 6,769,508 | 2,085,050 | 12,691,520 |
| Refunds/Distributions | 12,867,508 | | 139,187 | 933,883 | 701,647 | 688,217 |
| Refunds to Other Plans | 688,128 | | 139,003 | 81,738 | | 28,814 |
| Transfers to DCRP | 1,209,017 | | | | | |
| Transfers to ORP | 211,020 | | | | | |
| Supplemental Insurance Payments | | | | | | |
| Administrative Expenses | 2,681,173 | 8,425 | 27,939 | 77,133 | 47,087 | 70,010 |
| Miscellaneous Expenses | | | | | | |
| Total Deductions | 183,844,812 | 1,780,628 | 6,766,347 | 7,862,262 | 2,833,784 | 13,478,561 |
| Net Increase (Decrease) | 582,504,917 | 9,242,988 | 14,033,430 | 31,177,389 | 13,841,294 | 33,270,639 |
| Net Assets Held in Trust for Pension Benefits | | | | | | |
| Beginning of Year | 3,520,982,676 | 52,687,043 | 88,767,736 | 165,668,495 | 59,464,330 | 177,972,371 |
| Prior Period Adjustment | (50,533) | | | | | |
| End of Year | \$ 4,103,437,060 | 61,930,031 | 102,801,166 | 196,845,884 | 73,305,624 | 211,243,010 |

The notes to the financial statements are an integral part of this statement.

FINANCIAL SECTION

| Defined Benefit Pension Plans | | | Defined Contribution Plans | | | Total Pension Trust Funds |
|-------------------------------|------------|-------------------------------------|----------------------------|-------------|----------------------------|---------------------------|
| FURS | VFCA | Total Defined Benefit Pension Plans | PERS-DCRP | 457 Plan | Total Defined Contribution | |
| | | | | | Plans | |
| | | | | | | 2007 |
| 3,520,104 | | 86,612,261 | 2,856,968 | 74,184 | 2,931,152 | 89,543,413 |
| 2,618,652 | | 83,747,934 | 4,394,129 | 17,711,925 | 22,106,054 | 105,853,988 |
| | | 52 | | | | 52 |
| | | 193,965 | | | | 193,965 |
| | | 291,985 | | | | 291,985 |
| | | 284,631 | | | | 284,631 |
| | | 1,568 | 1,578,109 | 276,945 | 1,855,054 | 1,856,622 |
| 7,957,373 | 1,660,695 | 18,741,294 | | | | 18,741,294 |
| | | | 315,084 | | 315,084 | 315,084 |
| 14,096,129 | 1,660,695 | 189,873,690 | 9,144,290 | 18,063,054 | 27,207,344 | 217,081,034 |
| | | | | | | |
| 22,413,949 | 2,943,090 | 556,913,659 | 3,828,040 | 24,579,082 | 28,407,122 | 585,320,781 |
| 6,957,952 | 1,133,630 | 198,287,301 | 1,586,585 | 13,023,626 | 14,610,211 | 212,897,512 |
| 654,500 | 89,420 | 16,644,263 | | | | 16,644,263 |
| (468,371) | (65,189) | (12,124,167) | | (501,135) | (501,135) | (12,625,302) |
| 29,558,030 | 4,100,951 | 759,721,056 | 5,414,625 | 37,101,573 | 42,516,198 | 802,237,254 |
| | | | | | | |
| 358,038 | 49,770 | 9,128,636 | 73 | 25 | 98 | 9,128,734 |
| (339,400) | (47,155) | (8,649,273) | (73) | (25) | (98) | (8,649,371) |
| 18,638 | 2,615 | 479,363 | | | | 479,363 |
| 29,576,668 | 4,103,566 | 760,200,419 | 5,414,625 | 37,101,573 | 42,516,198 | 802,716,617 |
| | | | | | | |
| 43,672,797 | 5,764,261 | 950,074,109 | 14,558,915 | 55,164,627 | 69,723,542 | 1,019,797,651 |
| | | | | | | |
| 11,850,904 | 1,636,980 | 209,454,349 | | | | 209,454,349 |
| 241,320 | | 15,571,762 | 2,631,609 | 14,692,652 | 17,324,261 | 32,896,023 |
| | | 937,683 | | | | 937,683 |
| | | 1,209,017 | | | | 1,209,017 |
| | | 211,020 | | | | 211,020 |
| | | 12,900 | | | | 12,900 |
| 55,913 | 49,926 | 3,017,606 | 253,209 | 224,723 | 477,932 | 3,495,538 |
| | | | 282,453 | 781,488 | 1,063,941 | 1,063,941 |
| 12,148,137 | 1,699,806 | 230,414,337 | 3,167,271 | 15,698,863 | 18,866,134 | 249,280,471 |
| 31,524,660 | 4,064,455 | 719,659,772 | 11,391,644 | 39,465,764 | 50,857,408 | 770,517,180 |
| | | | | | | |
| 169,354,412 | 23,441,038 | 4,258,338,101 | 30,620,268 | 248,226,353 | 278,846,621 | 4,537,184,722 |
| | | (50,533) | (23,467) | 1,196,877 | 1,173,410 | 1,122,877 |
| 200,879,072 | 27,505,493 | 4,977,947,340 | 41,988,445 | 288,888,994 | 330,877,439 | 5,308,824,779 |

FINANCIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Notes to the Financial Statements for the Fiscal Year Ended June 30, 2007

The Public Employees' Retirement Board (PERB) administers ten retirement plans and the related member education funds. The retirement plans are eight defined benefit plans and two defined contribution plans. The *defined benefit* retirement plans are the Public Employees' Retirement System (PERS-DBRP), Judges' Retirement System (JRS), Highway Patrol Officers' Retirement System (HPORS), Sheriffs' Retirement System (SRS), Game Wardens' and Peace Officers' Retirement System (GWPORS), Municipal Police Officers' Retirement System (MPORS), Firefighters' Unified Retirement System (FURS), and the Volunteer Firefighters' Compensation Act (VFCA). The *defined contribution* retirement plans are the Public Employees' Retirement System (PERS-DCRP) and the Deferred Compensation (IRC §457) Plan. The PERS-DCRP was implemented July 1, 2002. All PERS new hires after July 1, 2002 have a 12-month window to file an irrevocable plan choice election. The deferred compensation plan is available to employees of the state and university system, and to local political subdivisions that contract with the plan.

PERS members are provided member education as a tool to help them decide between participation in the Defined Benefit Retirement Plan (PERS-DBRP) or the Defined Contribution Retirement Plan (PERS-DCRP). If members are employees of the university system they have a third choice, the Optional Retirement Program (ORP). The plan choice is a one-time irrevocable election. Further education is provided for the members who

choose the PERS-DCRP, including information on investment choices. The Montana Public Employee Retirement Administration (MPERA) participates as an employer in the PERS-DBRP, PERS-DCRP and the deferred compensation (457) plan.

The assets of each plan are maintained separately, including member education funds. The assets may be used only for the payment of benefits to the members and administrative expenses of the appropriate plan, in accordance with the terms of each plan as prescribed in Title 19 of the Montana Code Annotated (MCA). The financial statements are presented by combining the PERS-DBRP and the DBRP Education Fund and by combining the PERS-DCRP, the DCRP Education Fund and the DCRP Disability Fund. A presentation of each individual fund is shown at the end of the financial section on pages 90 to 92.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

The PERB is a discretely presented component unit Pension Trust Fund of the State of Montana financial reporting entity. The MPERA, staff of the PERB, prepares the accounting records and financial statements for the fiduciary/pension trust funds using the accrual basis of accounting. For the pension trust funds, member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal com-

mitment to provide the contributions. Revenues are recognized in the accounting period in which they are earned and become measurable. Benefits and refunds/distributions are recognized in the accounting period in which they are due and payable. Expenses are recognized in the period incurred. Administrative expenses are financed through investment earnings on the pension trust fund for the defined benefit plans. Interfund receivables and payables exist at year-end because all defined benefit administrative expenses are accounted for within PERS-DBRP and allocated to the other defined benefit plans at year-end.

Adjustments to the fiscal year 2007 financial statements consist of a prior period adjustment to the PERS-DBRP plan for prior years' employer reporting errors of lump sum vacation payouts without termination. A prior period adjustment to the fiscal year 2007 financial statements for the PERS-DCRP was a correction of a participant enrollment error. Adjustments to the 457 plan were based on updated information on the fixed investment account received from State Street Bank Kansas City (SSKC), the custodial bank.

Participants of the PERS-DCRP are charged, on a quarterly basis, a flat fee plus a basis point fee on their account balance. The flat fee covers the recordkeeping provided by Great West Retirement Services (Great West). The basis point fee is remitted to the PERB to cover the PERB's administrative expenses of the plan. The fees returned to the PERB are recorded as *Miscellaneous Revenue* in the financial statements.

Participants of the deferred compensation (457) plan are charged quarterly fees

based on individual account balances. The record keeper, Great West, withholds the fees from participants accounts and after payment of Great West's contractual expenses, the excess fees are remitted to the PERB. The excess fees, recorded as *Miscellaneous Revenue* in the financial statements, are used to pay the PERB's related administrative expenses.

2. CAPITAL ASSETS AND EQUIPMENT USED IN OPERATIONS

Assets under \$5,000 are expensed in the year purchased. Assets valued at \$5,000 or more are recorded at cost less straight-line depreciation over the estimated useful life of five to ten years. Equipment consists of a server. Capital assets include the web-based employer reporting software and the MPERA website.

A new server was purchased in September 2005. The accumulated depreciation of the server as of June 30, 2007 is \$3,650 and the carrying value is \$4,314. The accumulated depreciation on the web-based reporting system is \$1,227,849 as of June 30, 2007. The carrying value as of June 30, 2007 is \$199,168. For the 457 web-based employer reporting system the accumulated depreciation as of June 30, 2007 is \$136,160 and the carrying value is \$51,427. The accumulated depreciation on the MPERA website as of June 30, 2007 is \$35,561 and the carrying value is \$32,717.

3. OPERATING LEASE

Operating leases are rental agreements where the payments are chargeable as rent and recorded as administrative expenses. The MPERA entered into a 10-year lease for office space in November 2003, at the

FINANCIAL SECTION

location of 100 North Park. The lease is payable monthly and includes inflationary adjustments over the period of the lease.

4. FUNDED STATUS AND FUNDING PROGRESS

Effective June 30, 2007, the Montana Public Employees' Retirement Administration (MPERA) implemented the provision of the Governmental Accounting Standards Board (GASB) Statement No. 50 - Pension Disclosures. The disclosures are amendments to GASB Statement 25 and present the disclosures of the actuarial methods, assumptions and funded status of the plan in the financial notes.

The funded status of the eight defined benefit retirement plans, as of the most recent actuarial valuation date, is in the table below.

The net Funded Ratio increased in fiscal year 2007 for all retirement plans, except

for HPORS, which decreased 3%

| Funded Ratio as of June 30, 2007 | |
|---|------|
| PERS-DBRP | 91% |
| JRS | 157% |
| HPORS | 75% |
| SRS | 97% |
| GWPORS | 94% |
| MPORS | 64% |
| FURS | 70% |
| VFCA | 82% |

The required supplementary information (RSI), following the notes to the financial statements, presents similar information but uses a multi-year format to show trend information. These trends indicate whether the actuarial values of the plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities.

The information on the next page is general and applicable to all defined benefit plans.

Funded Status as of June 30, 2007

(dollar amounts are in thousands)

| System | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) - Entry Age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|-----------|----------------------------------|---|------------------------------------|--------------------------|---------------------------|---|
| PERS-DBRP | \$3,825,234 | \$4,201,251 | \$376,017 | 91.05% | \$907,424 | 41.44% |
| JRS | 57,778 | 36,863 | (20,915) | 156.74% | 4,841 | -432.04% |
| HPORS | 95,758 | 128,306 | 32,548 | 74.63% | 9,858 | 330.17% |
| SRS | 183,894 | 189,036 | 5,142 | 97.28% | 43,611 | 11.79% |
| GWPORS | 68,755 | 72,992 | 4,237 | 94.20% | 28,799 | 14.71% |
| MPORS | 198,310 | 310,423 | 112,113 | 63.88% | 29,547 | 379.44% |
| FURS | 188,545 | 269,399 | 80,854 | 69.99% | 24,250 | 333.42% |
| VFCA | 25,862 | 31,599 | 5,737 | 81.84% | N/A* | N/A* |

*The covered payroll is not applicable to VFCA because members are unpaid volunteers.

| General to All Retirement Systems | |
|--|--|
| Valuation date | June 30, 2007 |
| Actuarial cost method | Entry Age |
| Amortization method | Level percent payroll, open |
| Asset valuation method | 4-year smoothed market |
| Actuarial assumptions: | |
| Investment rate of return | 8% |
| Projected salary increases: | |
| General Wage Growth* | 4.25% |
| *includes inflation rate at | 3.25% |
| Guaranteed annual benefit adjustment (GABA), except VFCA | 3% after 1 year. Effective July, 1, 2007, 1.5% GABA reduction for new hires of PERS, SRS and GWPORS. |

| Non-GABA Benefit Adjustment | |
|------------------------------------|---|
| JRS | Biennial increase to salary of active member in like position |
| HPORS | 2% per year of service for newly confirmed officers |
| MPORS | 50% of newly confirmed officers |
| FURS | 50% of newly confirmed officers |

5. METHOD USED TO VALUE INVESTMENTS

According to Article VIII, Section 13 of the Montana Constitution and section 19-2-504, MCA, the BOI has a fiduciary responsibility for investing the defined benefit retirement plan assets on behalf of the defined benefit plans. Investments are determined in accordance with the statutorily and constitutionally mandated “prudent expert principle.” Pursuant to Article VIII, Section 15 of the Montana Constitution and section 19-2-502, MCA, the PERB has a fiduciary responsibility for the administration of the pension trust funds. Investments are reported at fair value. As of June 30, 2007, there were six major diversified pools, Montana Short Term Investment Pool (STIP), Montana Domestic Equity Pool (MDEP), Retirement Funds Bond Pool (RFBP), Montana International Pool (MTIP), Montana Private Equity Pool (MPEP) and Montana Real Estate Investment Pool (MTRP).

| Remaining Amortization Period | |
|--------------------------------------|--------------------|
| PERS-DBRP | 21.9 years |
| JRS | 30 years (surplus) |
| HPORS | 19.1 years |
| SRS | 19.6 years |
| GWPORS | 11.3 years |
| MPORS | 20.5 years |
| FURS | 12.9 years |
| VFCA | 5.1 years |

| Merit Projected Salary Increases | |
|---|-----------|
| PERS-DBRP | 0% - 6% |
| JRS | None |
| HPORS | 0% - 7.3% |
| SRS | 0% - 7.3% |
| GWPORS | 0% - 7.3% |
| FURS | 0% - 7.3% |
| VFCA | N/A |

The non-GABA benefit adjustment for PERB’s retirement systems only effects four systems: JRS, HPORS, MPORS and FURS. A table showing the non-GABA adjustment for these systems follow

The PERS-DCRP and the deferred compensation plan’s fixed investments were invested and managed on behalf of the plans by Pacific Investment Management Company (PIMCO) and the custodial bank State Street Bank Kansas City

FINANCIAL SECTION

(SSKC). The third party record keeper, Great West Retirement Services, tracks and reports the daily trading and valuations of all investment options including the assets held by the individual mutual fund companies. In addition to the laws cited above, the PERS-DCRP is also governed by section 19-3-2122, MCA and there are separate investment policies for the 457 deferred compensation and 401(a) defined contribution plans. The investment policies are reviewed on an annual basis and the investment options are reviewed at least annually by an independent third party consultant and investment analyst. In the review, each investment alternative is compared to its peers and the appropriate benchmark and compared against the relevant Investment Policy Statement. In addition, each investment alternative is reviewed for other indicators including, but not limited to, style drift, duplication, fund manager or other organizational changes. Investment alternatives that are determined to have a sub-standard performance rating or other negative indicators may be recommended for probation or termination. Investments are reported at fair value as of June 30, 2007.

The following are the summaries of the BOI's fiscal year end statements, the PIMCO/SSKC contracts and a statement about the variable investments. The BOI fiscal year end statements can be obtained by contacting BOI.

STIP portfolio may include asset-backed securities, commercial paper, corporate and government securities, repurchase agreements, institutional money market funds and variable-rate (floating-rate) instruments. These securities provide a diversified portfolio earning a competitive total rate of return. Funds may be in-

vested for relatively short periods. State agencies with accounts that retain interest earnings are legally required to invest in STIP and the PERB elects to have all STIP income automatically reinvested. Investments are reported at fair value based on market prices supplied to the BOI by the BOI's custodial bank. The unit value is fixed at \$1.00. A purchased unit earns income on the purchase date and ceases to earn income on the day before the unit is sold. STIP income reflects the monthly earnings of the STIP portfolio and is distributed on the first calendar day of the month, with the exception of the June distribution. Income for June is distributed on the last calendar day of the month. Administrative expenses incurred by the BOI are charged daily to STIP based on their expenses applicable to STIP. STIP is considered an external investment pool and is permitted to report investments at amortized costs per the Governmental Accounting Standards Board (GASB) Statement No. 31 and is classified as a "2a7-like" pool. STIP is not registered with the Securities and Exchange Commission (SEC) but does operate in a manner consistent with SEC rules. *Credit Risk* is that the issuer of a STIP security may default in making timely principal and interest payments. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. STIP securities have credit risk as measured by major credit rating services. STIP investments are required to have the highest rating in the short-term category by at least one Nationally Recognized Statistical Rating Organization (NRSRO). The total fixed income investments credit quality rating for STIP is A1+. The PERB portion of

STIP is 5.0 percent. For *Custodial Credit Risk* as of June 30, 2007, all the STIP securities were registered in the nominee name for the BOI and held in the possession of the BOI's custodial bank, State Street Bank. According to the STIP Investment Policy, "repurchase agreements will be collateralized by the market value plus accrued income of U.S. Treasury, U.S. Agency and money market securities at 102% of the value of the repurchase agreement". *Interest Rate Risk* disclosures are not required for "2a7-like" pools.

MDEP portfolio may include common stock, equity index, preferred stock, convertible equity securities, American Depository Receipts (ADR's) equity derivatives and commingled funds. The MDEP was established in April 2003. Effective May 1, 2003, the retirement funds transferred investments totaling \$740 million, at cost, from the All Other Funds portfolio to the new pool. The pensions also exchanged their investment in the Montana Stock Pool (MTCP) for stocks in the new MDEP. Portfolio cash is swept daily into the State Street Stock Performance Index Futures Funds (SPIFF) maintaining 100% equity exposure through holdings of stock index futures. The value of MDEP units purchased and sold by participants is the result of asset allocation decisions. Investments are presented at fair value. Unit values are calculated weekly and at the close of the last business day of the month. Equity investments, on valuation date, are stated at the closing price of the security's primary exchange. Depending on stock market conditions and the investment officer's decision, MDEP participants may then buy or sell units on the first calendar day of each month based on the month end values. MDEP security transactions are recorded as of trade date

rather than settlement date. Because of this generally accepted practice, the MDEP portfolio at June 30 may include receivables from brokers for securities sold but not delivered, and payables to brokers for securities purchased but not received. Administrative expenses incurred by the BOI, which included custodial bank fees, are charged daily to MDEP based on the board's expenses applicable to MDEP. Commingled funds are used to reduce management and administration costs. The PERB portion of MDEP is 60.62 percent. For *Custodial Credit Risk* as of June 30, 2007, all the MDEP securities were registered in the nominee name for the BOI and held in the possession of the BOI's custodial bank, State Street Bank. The BGI Standard & Poor's 500 Passive Equity Index Fund, BGI Standard & Poor's 400 MidCap Passive Equity Index Fund, Dimensional Fund Small Cap Enhanced Index, Goldman Sachs and Western Asset Large Cap Enhanced Index commingled funds are registered in the name of the Montana BOI.

RFBP portfolio includes corporate securities, foreign government bonds, U.S. government direct-backed, U.S. government indirect-backed and cash equivalents. RFBP investments are presented at fair value. Fair values are determined, primarily, by reference to fair market prices supplied to the BOI by its custodial bank, State Street Bank. Premiums and discounts are amortized/accreted using the straight-line or scientific method to the call, average life or maturity date of the securities. Unit values are calculated weekly and at month end, based on portfolio pricing, to allow for participant transactions to occur as determined by the BOI's investment staff. The June 30,

FINANCIAL SECTION

2007 unit value of \$100.47 increased from the June 30, 2006 unit value of \$99.81. Interest rates decreased during the fiscal year, which has the effect of increasing bond prices and the pool unit value. To rebalance the pension funds' portfolios in fiscal year 2007, RFBP units were purchased. RFBP security transactions are recorded as of the trade date rather than the settlement date. Because of this generally accepted practice, the RFBP net asset value at June 30 may include receivables from brokers for securities sold, but not delivered, and payables to brokers for securities purchased, but not received. Accumulated income is distributed monthly on the first calendar day of the month. Realized portfolio gains/losses are distributed at least annually to the participants. Administrative expenses incurred by the BOI, including custodial bank fees, are charged daily to RFBP based on applicable BOI expenses. *Credit Risk* is that the issuer of a fixed income security may default in making timely principal and interest payments. RFBP fixed income investments, at the time of purchase, are required to be rated an investment grade as defined by Moody's or by Standard & Poor's (S&P) rating services. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. The total fixed income investments credit quality rating for RFBP is AA. For *Custodial Credit Risk* as of June 30, 2007, all the fixed income securities were registered in the nominee name for the BOI and held in the possession of the BOI's custodial bank, State Street Bank. The State Street repurchase agreement was purchased in the State of Montana BOI name. The RFBP investment policy does not formally address

Interest Rate Risk. In accordance with GASB Statement No. 40, the BOI has selected the effective duration method to disclose interest rate risk. The fair value of total fixed income investments is \$1,964,715,151 with an effective duration of 5.27. The PERB portion of RFBP is 61.14 percent.

Corporate asset-backed securities are based on cash flows from principal and interest payments on underlying auto loan receivables, credit card receivables and other assets. These securities, while sensitive to prepayments due to interest rate changes, have less credit risk than securities not backed by pledged assets.

MTIP portfolio for fiscal year 2007 includes equity portfolios invested in securities of foreign-based corporations listed on legal and recognized foreign exchanges as well as domestic exchanges. There are currently 13 separate managers investing funds within the MTIP. The external investment managers invest excess cash in the custodial bank's Short Term Investment Fund (STIF). Because transactions are recorded as of the trade date rather than settlement date, at June 30 the MTIP Net Asset Value may include receivables from brokers for securities sold, but not delivered, and payables to brokers for securities purchased, but not received. Investments are presented at current U.S. dollar value after conversion from foreign currency amounts by the custodial bank, State Street Bank. Unit values are calculated weekly and once a month at the close of the last business day of the month. Based on the BOI Investment Officer's decision, participants are allowed to buy or sell units on the first business day of each month. All participant buys or sells occur after distribution

of accumulated income. Realized gains/losses from the sale of securities and related foreign exchange transactions are retained by each fund. MTIP income is distributed at least monthly to the retirement funds, net of external manager fees and administrative expenses, on the first business day of the following month. For *Custodial Credit Risk* as of June 30, 2007, all MTIP securities were registered in the nominee name for the Montana BOI and held in the possession of the BOI's custodial bank, State Street Bank. *Foreign Currency Risk* is the risk that changes in exchange rates will adversely affect the fair value of an investment. The MTIP has significant investments in multiple foreign countries. Future economic and political developments in these countries could adversely affect the liquidity or value, or both, of the securities in which MTIP is invested. The table in the next column discloses the investments by currency and investment type in U.S. dollars. The PERB portion of MTIP is 61.18 percent.

MPEP portfolio includes venture capital, leveraged buyout, mezzanine, distressed debt, special situation and secondary investments. The MPEP was established in April 2002 to allow retirement funds the opportunity to participate in the venture capital and leveraged buyout markets and other private equity investments via a diversified pool. Given the complexity and specialization of private equity investment, the BOI contracts with twenty-six private equity managers. Investments are presented at fair value and because no recognized market exists for private equity investment, the investments, on the valuation date, are stated at the fair value reported in the most recent external managers' valuation reports. The pool portfo-

| MTIP Cash by Currency | | Fair Value 6/30/2007 |
|------------------------------|----|-------------------------|
| Cash (in thousands) | | \$ 793 |
| Australian Dollar | \$ | 793 |
| Brazilian Real | \$ | - |
| Canadian Dollar | \$ | 18 |
| Danish Krone | \$ | 52 |
| Hong Kong Dollar | \$ | 320 |
| Hungarian Forint | \$ | 24 |
| Euro | \$ | 1,268 |
| Israeli Shekel | \$ | 9 |
| Japanese Yen | \$ | 2,984 |
| South Korean Won | \$ | 43 |
| Malaysian Ringgit | \$ | 27 |
| Mexican Peso | \$ | 2 |
| Norwegian Krone | \$ | 448 |
| Singapore Dollar | \$ | 86 |
| Swedish Krona | \$ | 72 |
| Swiss Franc | \$ | 540 |
| New Taiwan Dollar | \$ | 63 |
| Thailand Baht | \$ | 12 |
| Turkish Lira | \$ | 4 |
| UK British Pound | \$ | 388 |
| US Dollar | \$ | - |
| Total Cash | \$ | <u><u>7,156</u></u> |

| MTIP Investment by Security Type | | Fair Value 6/30/2007 |
|--|----|-------------------------|
| Security Investment Type (in thousands) | | \$ |
| Axa Rosenberg Investment | \$ | 57,912 |
| BGI MSCI Europe Index | \$ | 174,066 |
| BGI Alpha Tilts | \$ | 126,482 |
| DFA International Small Co. | \$ | 68,532 |
| State Street ISPIFF | \$ | 50,883 |
| Nomura Asset Mgmt | \$ | 97 |
| BatteryMarch Financial Management | \$ | 210,513 |
| Julius Baer Investment Management | \$ | 192,569 |
| Acadian Asset Mgmt | \$ | 161,658 |
| Alliance/Bernstein | \$ | 144,312 |
| Martin Currie | \$ | 125,725 |
| Hansberg Global Investors | \$ | 127,752 |
| Principal Global Investors | \$ | 74,128 |
| Total Investments | \$ | <u><u>1,612,071</u></u> |
| Securities Lending Collateral Investment Pool | \$ | <u><u>145,724</u></u> |

FINANCIAL SECTION

lio is priced quarterly. Unit values are calculated at month end. Based on the BOI Investment Officer's decision, participants are allowed to buy, reinvest or sell units on the first business day of each month. Administrative expenses incurred by the BOI are charged daily to the MPEP based on the BOI's expenses applicable to MPEP. For *Custodial Credit Risk* as of June 30, 2007, all MPEP investments were recorded in the name of the Montana BOI. *Foreign Currency Risk* includes certain MPEP investments that represent limited partnership investments in various foreign countries. Per GASB Statement No. 40, no foreign currency risk disclosure is required for these limited partnership investments. Private equity investments are recognized as investments with a higher degree of risk with a higher return potential. *Specific Risk* associated with MPEP is portfolio diversification achieved through multiple partnership relationships and investments diversified by time, financing stage, industry sector, investment size and geographical region. Private equity investments typically have a low correlation relative to other investment asset classes and contribute to the reduction of portfolio risk. The PERB portion of MPEP is 61.19 percent.

In July 2007, the BOI staff committed \$35 million to Avenue Special Situations V, a distressed debt fund focused primarily on distressed and undervalued credit-related securities (both public and private), bank loans, trade claims and private investments (debt and equities). On August 31, 2007, BOI made the initial investment of \$7.9 million which included investment, management fees, and purchased interest. In July 2007, the BOI staff also committed \$25 million to Oak-

tree Capital Management (OCM) Opportunities Fund VII-B, a distressed debt fund focused on inefficient and alternative markets. Another \$25 million commitment was granted for the Siguler Guff Small Buyout Opportunities Fund, a Small Cap buyout fund. On September 26, 2007, the Board funded the initial capital call in HarbourVest Partners 2007 Direct Fund of \$1.6 million.

MTRP was approved by BOI on April 26, 2006, to permit the state's retirement systems to participate in a diversified real estate portfolio. The pension funds sold STIP shares totaling \$30 million to fund the MTRP on June 1, 2006. Investments are presented at fair value. The MTRP will invest with external real estate managers with both open-end and closed-end pooled funds. The MTRP, as an internal investment pool, invests its excess cash in the BOI's STIP. Per GASB Statement No. 40, no foreign currency risk disclosure is required for MTRP limited partnership investments. *Specific Risks* associated with MTRP are achieved through multiple manager relationships and investments diversified by time, real estate type, real estate size and geographical region. The PERB portion of MTRP, which only is applicable to PERS, is 60.60 percent.

All Other Funds (AOF) Investments are owned by various State of Montana agencies and managed on their behalf by the BOI. The portfolio for the pension plans include real estate, mortgages and other equity index investments. Fair values are determined, primarily, by reference to market prices supplied to the BOI by its custodial bank, State Street Bank. The real estate investments and residential and multi-family mortgages are valued based

on a discounted cash flow. The mortgages receivable funded by the retirement systems consist of residential mortgages. As of June 30, 2007, there were no uncollectible account balances for mortgages. Real estate investments held, in part, for the PERS include a building at 100 North Park Avenue in Helena, MT; a building at 2273 Boot Hill Court in Bozeman, MT; a building at 2401 Colonial Drive in Helena, MT; and property located on California Street in Helena, MT. The BOI also holds the building located at 1712 Ninth Avenue in Helena, MT for the sole benefit of the PERS. *Credit Risk:* As of June 30, 2007, the PERB did not have a credit quality rating for the total fixed income investments. For Montana mortgages, there is a lien on the real estate property. In the event of default, the property can be sold. *Custodial Credit Risk* as of June 30, 2007 has all other equity, real estate, and mortgage investments registered in the name of the Montana BOI. There is no *Concentration of Credit Risk* for the PERB. *Interest Rate Risk* is not formally addressed in the AOF investment policies. In accordance with GASB Statement No. 40, the BOI has selected the effective duration method to disclose interest rate risk.

Securities Lending Collateral, governed under the provisions of state statutes, authorizes the custodial bank, State Street Bank, to lend the BOI's securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. This is accomplished by the BOI via a Securities Lending Authorization Agreement. During the period the securities are on loan, the BOI receives a fee and the custodial bank must initially receive collateral equal to 102 percent of

the fair value of the loaned security and maintain collateral equal to not less than 102 percent of the fair value of the loaned security. These percentages for foreign currency is 105 percent of both loaned security and maintaining collateral. The BOI retains all rights and risks of ownership during the loan period. During fiscal year 2007, State Street Bank, as custodian, loaned, on behalf of the BOI, certain securities and received U.S. dollar currency cash, U.S. government and government sponsored securities, U.S. corporate debt securities, supranational agencies debt, asset backed securities and irrevocable bank letters of credit. State Street Bank does not have the ability to pledge or sell collateral securities unless the borrower defaults. The BOI did not impose any restrictions during fiscal year 2007 on the amount of the securities that State Street Bank could loan. There were no failures by any borrowers to return loaned securities or pay distributions thereon during fiscal year 2007. Moreover, there were no losses during fiscal year 2007 resulting from a default of the borrowers or State Street. During fiscal year 2007, the BOI and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other qualified plan lenders, in a collective investment pool, the Securities Lending Quality Trust. The relationship between the average maturities of the investment pool and the BOI's loans was affected by the maturities of the loans made by other plan entities that invested cash collateral in the collective investment pool, which the BOI could not determine. At year-end, the BOI had no *Credit Risk* exposure to borrowers

FINANCIAL SECTION

because the amounts the BOI owes the borrowers exceed the amounts the borrowers owed. For MDEP as of June 30, 2007, the fair value of the underlying securities on loan was \$167.7 million. The cash collateral provided for the securities on loan totaled \$169 million. For RFBP as of June 30, 2007, the fair value of the underlying securities on loan were \$612.2 million. The cash collateral provided for the securities on loan totaled \$87 million in cash and \$538 million in securities collateral. For MTIP as of June 30, 2007, the fair value of the underlying securities on loan were \$45.5 million. The cash collateral provided for the securities on loan totaled \$145.7 million.

Fixed Investments for the 401(a) and 457 are administered through outside vendors Pacific Investment Management Company (PIMCO) and custodial bank State Street Bank Kansas City (SSKC). The fixed investment option guarantees both principal (the deferred salary) and a quarterly rate of return. The fixed investment option requires the services of two external providers who were selected through the State's competitive bidding process. The external providers are Aegon and PIMCO. Aegon provides a guarantee of principal for the fixed investments and sets a quarterly rate of return based upon the investment manager's portfolio yield and duration. PIMCO, the investment manager, directs the investment of fixed investments.

The PERS-DCRP fixed investments are invested in a PIMCO Moderate Duration mutual fund. This mutual fund is separately managed by PIMCO and is benchmarked against the Lehman Intermediate Government/Credit/Yankee index with a duration not to exceed four years. The

minimum average portfolio quality must be an A-rating; the minimum issue quality must be a BB-rating and the minimum commercial paper quality must be A2/P2. The quality ratings applied are the higher of Moody's, Standard & Poor or Fitch. PIMCO has the discretion to invest in a broad array of public and private asset classes and investment vehicles including: money market instruments; U.S. Treasury and Agency notes and bonds; municipal bonds; corporate securities; Yankee and Euro bonds; mortgage-backed securities; mortgage derivatives; asset-backed securities; convertible securities; non-U.S. dollar denominated securities; non-leveraged structured notes; futures; options; swaps; credit default swaps; emerging market securities; and PIMCO pooled funds. All investments, including those with derivative characteristics, are reported at fair value. PIMCO may not invest in: caps and floors; preferred stock; event-linked bonds; and bank loans. *Concentration of Credit Risk* is not applicable.

Variable Investments for the 401(a) and 457 are held and managed by a selection of retail and institutional mutual funds, which cover all standard asset classes and categories. The selection of offered mutual funds is designed to provide participants with the ability to diversify and meet their individual investment goals and strategies. The PERB, with the advice of the statutorily created Employee Investment Advisory Council and the assistance of an independent contracted third-party consultant and investment analyst, conducts an annual review of the offered mutual funds. The goal of the annual review is to ensure the offered mutual funds meet standards established in the Investment Policy Statement adopted by the

PERB. The investment policy states that "Participants make individual investment decisions, subject to the investments offered under the plan and, ultimately, bear the risks and rewards of investment returns." In the annual review, each investment alternative is compared to its peers and the appropriate benchmark. In addition, each investment alternative is reviewed for other indicators including, but not limited to, style drift, duplication, and fund manager or other organizational changes. Investment alternatives that are determined to have a sub-standard performance rating or other negative indicators may be recommended for probation or termination. During the annual review, the PERB may decide to retain, replace or place in a probation status, any of the offered mutual funds. *Concentration of Credit Risk* is not addressed in the investment policy and investments in mutual funds are not required to be disclosed.

Investments are reported at fair value as of June 30, 2007. Available mutual funds are listed on pages 72, 75 or a listing can be obtained by contacting MPERA.

B. LITIGATION

Each of the plans administered by the PERB may be involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management and legal counsel, the disposition of those matters will not have a material, adverse affect on any plans' financial position as a whole.

A lawsuit, *Baumgardner v. PER Board* (Cause No. ADV-2002-450, First Judicial District), was filed challenging the constitutionality of that portion of Chapter 149, L. of 2001 which, in the definition of

"actuarial equivalent", substituted "the mortality table and interest rate assumptions adopted by the Board" for "the 1971 Group Annuity Mortality Table, with ages set back 4 years and an interest rate of 8% compounded annually". This amendment was effective March 29, 2001. Subsequent to the legislation, effective July 1, 2001, the PERB adopted new actuarial assumptions, including new mortality tables, resulting in new actuarial equivalent option factors. The legal challenge was the use of these new actuarial equivalent option factors in determining the actuarial equivalent benefit payout when a single life benefit is converted to an alternate form of benefit payment. The plaintiff was seeking recalculation of benefit payments and attorney's fees. The action was filed by a PERS member, but was certified as a class action lawsuit and could have affected other systems where members have the option to choose a benefit payment other than for the member's life only.

Three constitutional claims were made: 1) that the legislation contained more than one subject matter, not properly reflected in the title; 2) that the legislation was an unconstitutional delegation of legislative authority; and 3) that the legislation constituted an unconstitutional impairment of contract. The District Court dismissed the first claim; found in favor of the plaintiff on the second claim; and did not initially rule on the third claim. The Montana Supreme Court (Cause No. 04-861) reversed the District Court's ruling on the second issue, and the case was returned to the District Court on remittitur. The Plaintiff requested amendments to his complaint alleging two additional claims, violation of equal protection and noncompliance with the Montana Administrative Proce-

FINANCIAL SECTION

dure Act in the adoption of the new option factors. The District Court denied the plaintiff's request to amend his complaint.

Trial on the third issue was held in November, 2006. The District Court found in the Board's favor, holding that the legislation did not unconstitutionally impair the plaintiffs' contract regarding retirement benefits. Judgment was entered in the Board's favor. The plaintiffs did not appeal the District Court's judgment. The judgment in the Board's favor is now final. No actuarial impact, material or otherwise, resulted from this determination.

Bean, et al v. Montana and MPERA (Cause No. ADV-2004-707, First Judicial District) challenges the constitutionality of Chapter 290, L. of 2001 which allowed firefighters hired by the Montana Air National Guard on or after October 1, 2001 to join the Firefighters' Unified Retirement System (FURS) rather than the Public Employees' Retirement System (PERS). Plaintiffs, hired before October 1, 2001, claim the law is a violation of equal protection and seek coverage under FURS. A counterclaim seeks proper FURS employee contributions from plaintiffs if they are determined to be covered by FURS. Cross motions for summary judgment were filed, following which District Judge Dorothy McCarter determined that the legislation violates the equal protection clause of the constitution and awarded attorney fees to plaintiffs. The matter has been appealed to and briefed before the Montana Supreme Court. If the lower court's decision stands, and the statute is in fact unconstitutional, members hired on or after October 1, 2001 may be moved to PERS. Meanwhile, "new" members remain in FURS and members hired prior to Octo-

ber 1, 2001 remain in PERS. The actuarial impact on the PERS and FURS has not been determined. However, a material actuarial impact of an adverse decision is remote.

Internal Revenue Service Voluntary Correction Program VCP Filing (September 7, 2005). MPERA has identified an employer who has claimed as compensation the amounts paid for group insurance that were not paid by employees through a properly administered IRC Section 125 plan. This procedure was used for the employer's PERS, MPORS, and FURS contributions for a number of years. The identified employer has proposed a self-correction plan for its Section 125 plan which, if acceptable to the IRS and applied to all affected employers, would settle the issue without unanticipated financial consequences to the pension funds. Acceptance by the IRS is pending.

The PERB filed a Voluntary Correction Program (VCP) Filing with the IRS, seeking approval of the PERB's related rules and policies, and approval of the PERB's acceptance of the employer's self-correction plan. The IRS has voiced acceptance of the PERB's proposal for all individuals other than highly compensated employees (HCEs). The PERB has acquiesced to correcting the reporting error with respect to the one HCE, and is awaiting IRS approval. Meanwhile, MPERA is working with the Montana Department of Revenue's Local Government auditors to include IRC Section 125 plan issues in that Department's random audits to avoid future issues. Given the IRS's tentative approval of the PERB's VCP, the probability of a net material, adverse effect on any plan's financial position as a whole is remote.

Montana Police Protective Association (MPPA) v. Public Employees' Retirement Board (Cause No. BDV 2007-852) challenges the Board's decision to refuse to supply the MPPA with member-specific information from the Municipal Police Officer's Retirement System (MPORS). The MPPA seeks to use the information to have an actuary review the conclusions of the Board's actuary regarding the MPORS Deferred Retirement Option Plan (DROP) structure. The Board determined the members' privacy interests outweighed the merits of public disclosure in this case. The MPPA alleges that the Board's decision is a violation of Montana's open records laws and seeks a declaration that the Board cannot withhold that information and an order directing the Board to disclose that information. The MPPA also requests an award of costs and attorney's fees. The probability of the MPPA prevailing is uncertain due to the lack of directly-applicable precedent. The potential actuarial impact to the MPORS that could be directly associated with a decision in the MPPA's favor would be minimal.

C. DEBT OBLIGATION

The PERS defined contribution retirement plan had an implementation loan through the Department of Administration, with the BOI. Authorization for the INTERCAP loan was provided by the Legislature, Chapter 471, Laws of 1999. Five draws were taken in the total amount of \$1,498,000. Interest repayment began immediately following the draws. Principal repayment began August 15, 2003, the year following the DCRP implementation date. The loan was renegotiated as a single sum in fiscal year 2004 to be repaid over a period of 15 years. The vari-

able interest rate changed every February, and would impact the interest due on the outstanding principal balance. On May 8, 2007, the loan was paid in full in the amount of \$1,375,015. This appropriation of general funds was due to the passage of House Bill 125 during the 2007 Legislative Session.

D. PLAN MEMBERSHIP, DESCRIPTIONS AND CONTRIBUTION INFORMATION

The plans are established and amended statutorily by the Legislature. In all defined benefit plans (except VFCA), if a member leaves covered employment before retirement, the member contributions plus accrued interest may be refunded to the member. If a member returns to service and repays the withdrawn contributions plus the interest the contributions would have earned had they remained on deposit, membership service is restored. Membership of each plan as of June 30, 2007 and June 30, 2006 is detailed in the charts on the following pages:

FINANCIAL SECTION

| PERS-DBRP Membership | | | | | |
|--|--------------|--------------|---|---------------|---------------|
| | <u>2007</u> | <u>2006</u> | | <u>2007</u> | <u>2006</u> |
| Number of participating employers | 528 | 524 | | | |
| Active plan members | 27,977 | 27,962 | Retirees and beneficiaries receiving benefits | | |
| Terminated plan members entitled to but not yet receiving benefits or a refund | | | Service Retirements | 15,488 | 14,988 |
| Vested | 2,576 | 2,530 | Disability Retirements | 316 | 342 |
| Non-vested | 6,401 | 7,178 | Survivor Benefits | 333 | 324 |
| | <u>8,977</u> | <u>9,708</u> | | <u>16,137</u> | <u>15,654</u> |

| JRS Membership | | | | | |
|--|-------------|-------------|---|-------------|-------------|
| | <u>2007</u> | <u>2006</u> | | <u>2007</u> | <u>2006</u> |
| Number of participating employers | 1 | 1 | | | |
| Active plan members | 51 | 50 | Retirees and beneficiaries receiving benefits | | |
| Terminated plan members entitled to but not yet receiving benefits or a refund | | | Service Retirements | 49 | 49 |
| Vested | 5 | 3 | Disability Retirements | - | - |
| Non-vested | - | - | Survivor Benefits | 2 | 2 |
| | <u>5</u> | <u>3</u> | | <u>51</u> | <u>51</u> |

| HPORS Membership | | | | | |
|--|-------------|-------------|---|-------------|-------------|
| | <u>2007</u> | <u>2006</u> | | <u>2007</u> | <u>2006</u> |
| Number of participating employers | 1 | 1 | | | |
| Active plan members | 204 | 197 | Retirees and beneficiaries receiving benefits | | |
| Terminated plan members entitled to but not yet receiving benefits or a refund | | | Service Retirements | 267 | 265 |
| Vested | 14 | 13 | Disability Retirements | 7 | 7 |
| Non-vested | 8 | 11 | Survivor Benefits | 10 | 10 |
| | <u>22</u> | <u>24</u> | | <u>284</u> | <u>282</u> |

FINANCIAL SECTION

| SRS Membership | | | | | |
|--|-------------|-------------|---|-------------|-------------|
| | <u>2007</u> | <u>2006</u> | | <u>2007</u> | <u>2006</u> |
| Number of participating employers | 57 | 57 | | | |
| Active plan members | 1,076 | 1,006 | Retirees and beneficiaries receiving benefits | | |
| Terminated plan members entitled to but not yet receiving benefits or a refund | | | Service Retirements | 334 | 313 |
| Vested | 38 | 39 | Disability Retirements | 35 | 33 |
| Non-vested | 120 | 102 | Survivor Benefits | 15 | 15 |
| | <u>158</u> | <u>141</u> | | <u>384</u> | <u>361</u> |

| GWPORS Membership | | | | | |
|--|-------------|-------------|---|-------------|-------------|
| | <u>2007</u> | <u>2006</u> | | <u>2007</u> | <u>2006</u> |
| Number of participating employers | 7 | 7 | | | |
| Active plan members | 821 | 793 | Retirees and beneficiaries receiving benefits | | |
| Terminated plan members entitled to but not yet receiving benefits or a refund | | | Service Retirements | 107 | 102 |
| Vested | 35 | 30 | Disability Retirements | 1 | 1 |
| Non-vested | 91 | 81 | Survivor Benefits | 3 | 3 |
| | <u>126</u> | <u>111</u> | | <u>111</u> | <u>106</u> |

| MPORS Membership | | | | | |
|--|-------------|-------------|---|-------------|-------------|
| | <u>2007</u> | <u>2006</u> | | <u>2007</u> | <u>2006</u> |
| Number of participating employers | 23 | 22 | | | |
| Active plan members | 640 | 617 | Retirees and beneficiaries receiving benefits | | |
| Terminated plan members entitled to but not yet receiving benefits or a refund | | | Service Retirements | 549 | 538 |
| Vested | 37 | 29 | Disability Retirements | 14 | 14 |
| Non-vested | 38 | 40 | Survivor Benefits | 29 | 28 |
| | <u>75</u> | <u>69</u> | | <u>592</u> | <u>580</u> |

FINANCIAL SECTION

| FURS Membership | | | | | |
|--|-------------|-------------|---|-------------|-------------|
| | <u>2007</u> | <u>2006</u> | | <u>2007</u> | <u>2006</u> |
| Number of participating employers | 17 | 17 | | | |
| Active plan members | 480 | 467 | Retirees and beneficiaries receiving benefits | | |
| Terminated plan members entitled to but not yet receiving benefits or a refund | | | Service Retirements | 490 | 480 |
| Vested | 9 | 10 | Disability Retirements | 6 | 6 |
| Non-vested | 52 | 64 | Survivor Benefits | 23 | 23 |
| | <hr/> 61 | <hr/> 74 | | | |
| | | | | <hr/> 519 | <hr/> 509 |

| VFCA Membership | | | | | |
|--|-------------|-------------|---|-------------|-------------|
| | <u>2007</u> | <u>2006</u> | | <u>2007</u> | <u>2006</u> |
| Number of participating companies | 193 | 192 | | | |
| Active plan members | 2,207 | 2,733 | Retirees and beneficiaries receiving benefits | | |
| Terminated plan members entitled to but not yet receiving benefits | | | Service Retirements | 1,033 | 994 |
| Vested | 800 | 687 | Disability Retirements | - | - |
| | | | Survivor Benefits | 5 | 7 |
| | | | | <hr/> 1,038 | <hr/> 1,001 |

| PERS-DCRP Membership | | | | | |
|--|-------------|-------------|---|-------------|-------------|
| | <u>2007</u> | <u>2006</u> | | <u>2007</u> | <u>2006</u> |
| Number of participating employers | 237 | 229 | | | |
| Active plan members | 1,563 | 1,362 | Retirees and beneficiaries receiving benefits | | |
| Terminated plan members entitled to but not yet receiving benefits or a refund | | | Benefit Payments | 3 | 2 |
| Vested | 108 | 95 | Disability Payments | - | - |
| Non-vested | 239 | 182 | Survivor Payments | - | - |
| | <hr/> 347 | <hr/> 277 | | | |
| | | | | <hr/> 3 | <hr/> 2 |

FINANCIAL SECTION

Deferred Compensation (457) Membership

| | <u>2007</u> | <u>2006</u> | | <u>2007</u> | <u>2006</u> |
|--|-------------|-------------|--|-------------|-------------|
| Number of participating employers | 16 | 12 | Number of participating plan members | 7,930 | 7,935 |
| Number of participating employers that provide contributions on members' behalf | 2 | 1 | Number of participating plan members that are actively contributing to their deferred compensation accounts | 5,348 | 5,357 |

FINANCIAL SECTION

This page intentionally left blank

Public Employees' Retirement System-DBRP (PERS-DBRP)

Plan Description: The PERS-Defined Benefit Retirement Plan (DBRP) is a multiple-employer, cost-sharing plan established July 1, 1945, and governed by Title 19, chapters 2 & 3, Montana Code Annotated (MCA). This plan covers the State, local governments and certain employees of the university system and school districts.

All new hires are initially members of the PERS-DBRP. New hires have a 12-month window during which they may choose to remain in the PERS-DBRP or join the PERS-DCRP. Members may not be members of both the *defined benefit* and *defined contribution* retirement plans. The choice is irrevocable. All new hires of the universities also

have a third option to join the university system's Optional Retirement Program (ORP). For members that choose to join the PERS-DCRP or the ORP, a percentage of the employer contribution will be used to maintain the funding of the PERS-DBRP.

The PERS-DBRP provides retirement, disability and death benefits to plan members and their beneficiaries. Benefits are established by state law and can only be amended by the Legislature. Benefits are based on eligibility, years of service and highest average compensation. Member rights are vested after five years of service. A brief summary of eligibility and benefits follows:

PERS-DBRP Summary of Benefits

Member's highest average compensation (HAC)

Highest average compensation during any consecutive 36 months

Eligible for benefit

Service retirement:

30 years of membership service, any age;
Age 60, 5 years of membership service; or
Age 65, regardless of service

Early retirement, actuarially reduced:

Age 50, 5 years of membership service; or
Any age, 25 years of membership service

Vesting 5 years of membership service

Monthly benefit formula

Less than 25 years of membership service: 1.785% of HAC per year of service credit;
25 years of membership service or more: 2% of HAC per year of service credit.

Guaranteed Annual Benefit Adjustment (GABA)

After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage (provided below) each January, inclusive of all other adjustments to the member's benefit

- 3% for members hired before July 1, 2007
- 1.5 % for members hired on or after July 1, 2007

FINANCIAL SECTION

At June 30, 2007 PERS had 528 participating employers, an increase of four from FY2006. The participating employers consist of:

| PERS-DBRP EMPLOYERS | | |
|----------------------------|----------------------|----------------------|
| <u>Employers</u> | <u>June 30, 2007</u> | <u>June 30, 2006</u> |
| State Agencies | 36 | 36 |
| Counties | 55 | 55 |
| Cities and Towns | 96 | 94 |
| Colleges and Universities | 5 | 5 |
| School Districts | 232 | 233 |
| High Schools | 6 | 6 |
| Other Agencies | 98 | 95 |
| Total | 528 | 524 |

Contributions: Member and employer contribution rates are established by state law and may be amended only by the Legislature. The member contribution rate for fiscal year 2007 was 6.9% of the member's compensation. Contributions are deducted from each member's salary and remitted by participating employers. An individual account is established for each member's contributions and interest allocations until a request for retirement or refund is processed. Each state agency and university system employer contributed 6.9% of PERS-covered payroll during fiscal year 2007. Participating local governments and school district employers contributed 6.8% of PERS-covered payroll during fiscal year 2007. The State contributed the remaining 0.1% for local governments and school district employers from the state general fund. A percentage of the employers' contributions is used to fund the employee education program. (Reference Schedule of Contribution Rates on page 78).

Effective July 1, 2007, the employer contribution rates will increase. This increase is due to the passage of House Bill 131 during

the 2007 Legislative Session. Employer contribution rates for State and University employers increased by 0.135% making the total contribution rate 7.035%. Local Government (except school districts) employer rates increased by 0.135%, making a total contribution rate of 6.935%. State contribution rates for School District employers increased by 0.135%, making a total contribution of 0.235%.

Plan Membership Elections: MPERA has included in the financial statements transfers of \$1,209,017 to Transfers to DCRP and

| PERS-DBRP Active Membership by Employer Type | | |
|---|----------------------|----------------------|
| <u>Employer Type</u> | <u>June 30, 2007</u> | <u>June 30, 2006</u> |
| State Agencies | 10,727 | 10,607 |
| Counties | 5,137 | 5,225 |
| Cities | 3,122 | 3,061 |
| Universities | 2,603 | 2,615 |
| High Schools | 61 | 66 |
| School Districts | 5,200 | 5,258 |
| Other Agencies | 1,127 | 1,130 |
| Total | 27,977 | 27,962 |

\$211,020 to Transfers to ORP. These transfers reflect the DCRP and ORP contributions of participants that filed elections at or near the June 30 cutoff date. The contributions were transferred in early fiscal year 2008.

Additional Service Purchase: A provision (section 19-2-706, MCA) related to the Employee Protection Act allows state and university system employees, who are eligible for a service retirement and whose positions have been eliminated, to have their employer pay a portion of the total cost of purchasing up to three years of “1-for-5” additional service. The total number of participants increased at the end of fiscal year 2007. The employees participating under HB567 increased from 165 in fiscal year 2006 to 177 in fiscal year 2007. The employer has up to ten years to complete payment for the service purchases and is charged 8% interest on the unpaid balance. The retirement incentive contributions received (including interest) during fiscal year 2007 totaled \$174,002. The outstanding balance at June 30, 2007, totaled \$42,865.

Public Employees’ Retirement System-DBRP Education Fund: Education is provided to all members of the PERS regardless of plan choice as governed by section 19-3-112, MCA. The education must be presented with impartial and balanced information about plan choices, investments and retirement planning.

Judges’ Retirement System (JRS)

Plan Description: The JRS is a single-employer defined benefit plan established in 1967, and governed by Title 19, chapters 2 & 5 of the MCA. This system provides benefits for all Montana judges of the district courts, justices of the Supreme Court, and the Chief Water Judge. Benefits are established by state law and can only be amended by the Legisla-

The education program consists of three primary components:

- 1) initial transfer education — complete as of July 1, 2003.
- 2) ongoing transfer education — for new hire members after the July 1, 2002 plan start date; and
- 3) ongoing investment/retirement planning education — for all active members.

The education program was funded by 0.04% of PERS-covered payroll in fiscal year 2007.

Actuarial Status: The statutory funding rate is tested in the valuation to determine if it is sufficient to cover the Normal Cost Rate plus an amortization payment of the Unfunded Actuarial Liability, if any, over no more than 30 years. Based on the current Actuarial Value of Assets and all future experience emerging as assumed, the Unfunded Actuarial Liability will be amortized over the next 21.9 years. This amortization period does not reflect the sunset provisions for the additional contributions under HB 131 or the reduced guaranteed annual benefit adjustment. Without the additional contributions effective July 1, 2007 and July 1, 2009, the amortization period for the Unfunded Actuarial Liability would be 25.3 years. At June 30, 2006, the plan did not amortize over 30 years.

ture. The JRS provides retirement, disability and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service and compensation. Member rights are vested after five years of service. A brief summary of eligibility and benefits is on the following page:

FINANCIAL SECTION

JRS Summary of Benefits

Member's current salary¹ or highest average compensation (HAC)²

¹Hired prior to July 1, 1997 and non-GABA prior to January 1, 1988 or December 1, 2005 — monthly compensation at time of retirement;

²Hired after June 30, 1997 or electing GABA prior to January 1, 1988 or December 1, 2005 — HAC during any consecutive 36 months

Eligibility for benefit

Age 60, 5 years of membership service;

Any age with 5 years of membership service — involuntary termination, actuarially reduced

Vesting 5 years of membership service

Monthly benefit formula

3.333% of current salary¹ (non-GABA) OR HAC² (GABA) per year of service credit for the first 15 years, plus 1.785% per year for each year after 15 years

Guaranteed Annual Benefit Adjustment (GABA)

Hired after July 1, 1997, or those electing GABA — after the member has completed 12 full months of retirement, the member's benefit increases by a maximum of 3% each January, inclusive of all other adjustments to the member's benefit.

Minimum benefit adjustment (non-GABA)

Hired prior to July 1, 1997 — current salary of an active member is used in the calculation of the monthly benefit each time the Legislature increases salaries for active judges.

At June 30, 2007 JRS had one participating employer, the same as FY2006. The participating employer consists of:

| JRS EMPLOYERS | | |
|------------------------------|----------------------|----------------------|
| <u>Employer</u> | <u>June 30, 2007</u> | <u>June 30, 2006</u> |
| State Agency — Supreme Court | 1 | 1 |
| Total | 1 | 1 |

Contributions: Member and employer contribution rates are established by state law and may be amended only by the Legislature. The member contribution rate for fiscal year 2007 was 7.0% of the member's monthly compensation. Contributions are deducted

from each member's salary and remitted by the participating employer. An individual account is established for each member's contributions and interest allocations until a retirement or refund request is processed. As the employer, the State contributed 25.81%

of the total JRS-covered payroll to the retirement plan during fiscal year 2007. (Reference Schedule of Contribution Rates on page 78).

| JRS Active Membership by Employee Type | | |
|--|---------------|---------------|
| Employee Type | June 30, 2007 | June 30, 2006 |
| GABA | 37 | 27 |
| Non-GABA | 14 | 23 |
| Total | 51 | 50 |

Highway Patrol Officers' Retirement System (HPORS)

Plan Description: The HPORS is a single-employer, defined benefit plan established July 1, 1971, and governed by Title 19, chapters 2 & 6 of the MCA. This system provides retirement benefits to all members of the Montana Highway Patrol, including supervisory personnel. Benefits are established by state law and can only be amended by the

Legislature. The HPORS provides retirement, disability and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service and highest average compensation. Member rights are vested after five years of service. A brief summary of eligibility and benefits follows:

HPORS Summary of Benefits

Member's highest average compensation (HAC)

Highest average compensation during any consecutive 36 months

Eligibility for benefit

20 years of membership service, regardless of age

Early Retirement

5 years of membership service, actuarially reduced from age 60

Vesting 5 years of membership service

Monthly benefit formula

2.5% of HAC per year of service credit

Guaranteed Annual Benefit Adjustment (GABA)

Hired after July 1, 1997, or those electing GABA — after the member has completed 12 full months of retirement, the member's benefit increases by a maximum of 3% each January, inclusive of all other adjustments to the member's benefit.

Minimum benefit adjustment (non-GABA)

Hired prior to July 1, 1997 — monthly benefits for non-GABA members are increased each July when they fall below a statutorily guaranteed minimum. Any annual increase is limited to 5% over the current benefit and may not exceed 60% of the current base salary of a probationary officer.

FINANCIAL SECTION

At June 30, 2007 HPORS had one participating employer, the same as FY2006. The participating employer consists of:

| HPORS EMPLOYERS | | |
|--------------------------------------|----------------------|----------------------|
| <u>Employer</u> | <u>June 30, 2007</u> | <u>June 30, 2006</u> |
| State Agency — Department of Justice | 1 | 1 |
| Total | 1 | 1 |

Contributions: Member and employer contribution rates are established by state law and may be amended only by the Legislature. The member contribution rates for fiscal year 2007 is 9.05% of the member's total compensation if hired after June 30, 1997 or for members electing GABA and 9.0% for those members hired prior to July 1, 1997 and not electing GABA (all active members hired prior to July 1, 1997 have elected the GABA). Contributions are deducted from each member's salary and remitted by the participating employer. An individual account is established for each member's contributions and interest allocations until a retirement or refund request is processed. As the employer, the State contributed 36.33% of the total HPORS-covered payroll during fiscal year 2007. The first 26.15% is payable from the same source used to pay members' compensation. The remaining amount, equal to 10.18%, is payable from a portion of the fees collected from drivers' license and duplicate drivers' license applications. (Reference Schedule of Contribution Rates on page 78).

| HPORS Active Membership by Employee Type | | |
|---|----------------------|----------------------|
| <u>Employee Type</u> | <u>June 30, 2007</u> | <u>June 30, 2006</u> |
| GABA | 204 | 197 |
| Non-GABA | 0 | 0 |
| Total | 204 | 197 |

Additional Service Purchase: A provision (section 19-2-706, MCA) related to the Employee Protection Act allows state and university system employees, who are eligible for a service retirement and whose positions have been eliminated, to have their employer pay a portion of the total cost of purchasing up to three years of "1-for-5" additional service. The employer has up to ten years to complete payment for the service purchases and is charged 8% interest on the unpaid balance. No employees have taken advantage of this provision to date.

Supplemental Benefit for Retirees: A provision (section 19-6-709, MCA) provides eligible Montana highway patrol officers retired prior to July 1, 1991, or their survivors, an annual supplemental lump-sum payment distributed each September. This lump-sum payment is funded by registration fees requested by the PERB from the general fund. Factors impacting eligibility include the number of years the recipient has received a service retirement benefit or disability benefit, the recipient's age, and whether the recipient is employed in a position covered by a retirement system under Title 19. The average annual supplemental payment for non-GABA retirees was \$2,518 in September 2007.

Sheriffs' Retirement System (SRS)

Plan Description: The SRS is a multiple-employer, cost-sharing defined benefit plan established July 1, 1974, and governed by Title 19, chapters 2 & 7, MCA. This plan provides retirement benefits to all Department of Justice criminal investigators hired after July 1, 1993, all detention officers hired after July 1, 2005, and to all Montana sheriffs and detention officers. Benefits are estab-

lished by state law and can only be amended by the Legislature. The SRS provides retirement, disability and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service and highest average compensation. Member rights are vested after five years of service. A brief summary of eligibility and benefits follows:

SRS Summary of Benefits**Member's highest average compensation (HAC)**

Highest average compensation during any consecutive 36 months

Eligibility for benefit

20 years of membership service, regardless of age

Early Retirement

Age 50, 5 years of membership service, actuarially reduced

Vesting 5 years of membership service

Monthly benefit formula

2.5% of HAC per year of service credit

Guaranteed Annual Benefit Adjustment (GABA)

After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage (provided below) each January, inclusive of all other adjustments to the member's benefit

- 3% for members hired before July 1, 2007
- 1.5% for members hired on or after July 1, 2007

At June 30, 2007 SRS had 57 participating employers, the same as FY2006. The participating employers consist of:

| SRS EMPLOYERS | | |
|--|----------------------|----------------------|
| <u>Employers</u> | <u>June 30, 2007</u> | <u>June 30, 2006</u> |
| State Agencies — Department of Justice | 1 | 1 |
| Counties | <u>56</u> | <u>56</u> |
| Total | 57 | 57 |

FINANCIAL SECTION

Contributions: Member and employer contribution rates are established by state law and may be amended only by the Legislature. The member contribution rate for fiscal year 2007 was 9.245% of member's compensation. Contributions are deducted from each member's salary and remitted by participating employers. An individual account is established for each member's contributions and interest allocations until a retirement or refund request is processed. Each employer contributed 9.535% of total SRS-covered payroll to the retirement plan during fiscal year 2007. (Reference Schedule of Contribution Rates on page 78).

Effective July 1, 2007, the employer rate was increased by 0.29% to 9.825%. This increase is due to the passage of House Bill 131 in the 2007 Legislative Session.

| SRS Active Membership by Employer Type | | |
|--|---------------|---------------|
| Employer Type | June 30, 2007 | June 30, 2006 |
| Dept of Justice | 43 | 46 |
| Counties | 1,033 | 960 |
| Total | 1,076 | 1,006 |

Additional Service Purchase: A provision (section 19-2-706, MCA) related to the

Employee Protection Act allows state employees, who are eligible for a service retirement and whose positions have been eliminated, to have their employer pay a portion of the total cost of purchasing up to three years of "1-for-5" additional service. The employer has up to ten years to complete payment for the service purchases and is charged 8% interest on the unpaid balance. Three employees have taken advantage of this provision to date.

Actuarial Status: The statutory funding rate is tested in the valuation to determine if it is sufficient to cover the Normal Cost Rate plus an amortization payment of the Unfunded Actuarial Liability, if any, over no more than 30 years. Based on the current Actuarial Value of Assets and all future experience emerging as assumed, the Unfunded Actuarial Liability will be amortized over the next 19.6 years. This amortization period does not reflect the sunset provisions for the additional contributions under HB 131 or the reduced guaranteed annual benefit adjustment. Without the additional contributions effective July 1, 2007 and July 1, 2009, the amortization period for the Unfunded Actuarial Liability would be 31.4 years. On June 30, 2006 the plan did not amortize under the 30 years.

Game Wardens' and Peace Officers' Retirement System (GWPORS)

Plan Description: The GWPORS is a multiple-employer, cost-sharing defined benefit plan established in 1963 and governed by Title 19, chapters 2 & 8, MCA. This system provides retirement benefits to all persons employed as a game warden, warden supervisory personnel, or state peace officer. Benefits are established by state law and can only be amended by the Legislature. The GWPORS provides retirement, disability and

death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service and highest average compensation. Member rights are vested after five years of service. A brief summary of eligibility and benefits follows on top of the next page:

GPWORS Summary of Benefits

Member's highest average compensation (HAC)

Highest average compensation during any consecutive 36 months

Eligibility for benefit

Age 50, 20 years of membership service

Early Retirement

Age 55, 5 years of membership service

Vesting 5 years of membership service

Monthly benefit formula

2.5% of HAC per year of service credit

Guaranteed Annual Benefit Adjustment (GABA)

After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage (provided below) each January, inclusive of all other adjustments to the member's benefit

- 3% for members hired before July 1, 2007
- 1.5% for members hired on or after July 1, 2007

At June 30, 2007 GPWORS had seven participating employers, the same as FY2006. The participating employers consist of:

| GPWORS EMPLOYERS | | |
|---------------------------|----------------------|----------------------|
| <u>Employers</u> | <u>June 30, 2007</u> | <u>June 30, 2006</u> |
| State Agencies | 4 | 4 |
| Colleges and Universities | 3 | 3 |
| Total | 7 | 7 |

Contributions: Member and employer contribution rates are established by state law and may be amended only by the Legislature. The member contribution rate for fiscal year 2007 was 10.56% of member's compensation. Contributions are deducted from each member's salary and remitted by participating employers. An individual account is established for each member's contributions

and interest allocations until a retirement or refund request is processed. Each state agency and university employer contributed 9.0% of total GPWORS-covered payroll to the retirement plan during fiscal year 2007. (Reference Schedule of Contribution Rates on page 78).

FINANCIAL SECTION

| GWPORS Active Membership by Employer | | |
|--------------------------------------|---------------|---------------|
| Employer | June 30, 2007 | June 30, 2006 |
| Dept of Corrections | 575 | 576 |
| Dept FW&P | 106 | 94 |
| Dept of Livestock | 28 | 29 |
| Dept of Trans. | 80 | 69 |
| Universities | 32 | 25 |
| Total | 821 | 793 |

Additional Service Purchase: A provision (section 19-2-706, MCA) related to the Employee Protection Act allows state and university system employees, who are eligible for a service retirement and whose positions have been eliminated, to have their employer pay a portion of the total cost of purchasing up to three years of “1-for-5” additional service. The employer has up to ten years to complete payment for the service purchases and is charged 8% interest on the unpaid balance. No employees have taken advantage of this provision to date.

Actuarial Status: The statutory funding rate is tested in the valuation to determine if it

is sufficient to cover the Normal Cost Rate plus an amortization payment of the Unfunded Actuarial Liability, if any, over no more than 30 years. Based on the current Actuarial Value of Assets and all future experience emerging as assumed, the Unfunded Actuarial Liability will be amortized over the next 11.3 years. This amortization period does not reflect the reduced guaranteed annual benefit adjustment under House Bill 131. As of June 30, 2006, the amortization period for the Unfunded Actuarial Liability was 32.4 years.

Municipal Police Officers' Retirement System (MPORS)

Plan Description: The MPORS is a multiple employer, cost-sharing defined benefit plan established in 1974 and is governed by Title 19, chapters 2 & 9 of the MCA. This plan covers all municipal police officers employed by first- and second-class cities and other cities that adopt the plan. Benefits are established by state law and can only be amended by the Legislature. The MPORS provides retirement, disability and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service and compensation. Member rights for death and disability are vested immedi-

ately. All other rights are vested after five years of service. A brief summary of eligibility and benefits follows on the top of the next page:

MPORS Summary of Benefits

Member's final average compensation (FAC)

Hired prior to July 1, 1977 — average monthly compensation of final year of service;
Hired after June 30, 1977 — final average compensation (FAC) for last consecutive 36 months

Eligibility for benefit

20 years of membership service, regardless of age

Early Retirement

Age 50, 5 years of membership service

Vesting 5 years of membership service

Monthly benefit formula

2.5% of FAC per year of service credit

Guaranteed Annual Benefit Adjustment (GABA)

Hired after June 1, 1997, or those electing GABA — after the member has completed 12 full months of retirement, the member's benefit increases by a maximum of 3% each January, inclusive of all other adjustments to the member's benefit.

Minimum benefit adjustment (non-GABA)

If hired before July 1, 1997 and member did not elect GABA, the monthly retirement, disability or survivor's benefit may not be less than $\frac{1}{2}$ the compensation of a newly confirmed officer in the city where the member was last employed.

At June 30, 2007 MPORS had 23 participating employers, one more than FY2006. The participating employers consist of:

| MPORS EMPLOYERS | | |
|------------------------|----------------------|----------------------|
| | <u>June 30, 2007</u> | <u>June 30, 2006</u> |
| Employers | | |
| Cities and Towns | 23 | 22 |
| Total | 23 | 22 |

Contributions: Member and employer contribution rates are established by state law and may be amended only by the Legislature. Member contribution rates are dependent upon date of hire as a police officer. For fiscal year 2007, member contributions as a percentage of salary were 5.8% (if employed on or before June 30, 1975); 7.0% (if employed after June 30, 1975 and prior to July 1, 1979);

8.5% (if employed after June 30, 1979 and prior to July 1, 1997); and, 9.0% (if employed on or after July 1, 1997 and for members electing GABA). Contributions are deducted from each member's salary and remitted by participating employers. An individual account is established for each member's contributions and interest allocations until a retirement or refund request is processed. Em-

FINANCIAL SECTION

ployer contributions to the retirement plan are 14.41% of total MPORS-covered payroll. The State contributions are requested at the beginning of the fiscal year based on the previous fiscal year compensation and are due no later than November 1. The State's contribution rate for 2007 was 29.37%. (Reference Schedule of Contribution Rates on page 78).

| MPORS Active Membership by Employee Type | | |
|---|---------------|---------------|
| Employee Type | June 30, 2007 | June 30, 2006 |
| GABA | 630 | 605 |
| Non-GABA | 10 | 12 |
| Total | 640 | 617 |

Deferred Retirement Option Plan (DROP): Beginning July 2002, eligible members of MPORS can participate in the DROP by filing a one-time irrevocable election with the PERB. The DROP is governed by Title 19, chapter 9, part 12, MCA. A member must have completed at least twenty years of membership service to be eligible. They may elect to participate in the DROP for a minimum of one month and a maximum of 60 months and may participate in the DROP only once. A participant remains a member of the MPORS, but will not receive membership service or service credit in the

system for the duration of the member's DROP period. During the participation in the DROP, all mandatory contributions continue to the retirement system. A monthly benefit is calculated based on salary and years of service to the date of the beginning of the DROP period. The monthly benefit is paid into the members' DROP account until the end of the DROP participation period. At the end of the DROP period, the participant may receive the balance of the DROP account in a lump-sum payment or in a direct rollover to another eligible plan, as allowed by the IRS. If the participant continues employment after the DROP period ends they will again accrue membership service and service credit. The DROP account cannot be distributed until employment is formally terminated. As of June 30, 2007, a total of 60 members have participated in the DROP.

| | DROP Participation | |
|-----------------------------------|--------------------|-----------|
| | 6/30/2007 | 6/30/2006 |
| Participants Beginning of Year | 38 | 35 |
| Participants Added | 6 | 6 |
| Completed DROP | 5 | 3 |
| Participants End of Year | 39 | 38 |
| DROP Distributions | \$501,730 | \$233,615 |

Firefighters' Unified Retirement System (FURS)

Plan Description: The FURS is a multiple-employer, cost-sharing defined benefit plan established in 1981, and governed by Title 19, chapters 2 & 13, MCA. This system provides retirement benefits to firefighters employed by first- and second-class cities and other cities that adopt the plan, and subject to the Montana Air National Guard (MANG) lawsuit, to firefighters hired by the MANG on or after October 1, 2001. Benefits are es-

tablished by state law and can only be amended by the Legislature. The FURS provides retirement, disability and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service and compensation. Member rights are vested after five years of service. A brief summary of eligibility and benefits follows on top of the next page:

FURS Summary of Benefits

Member's compensation

Hired prior to July 1, 1981 and not electing GABA — highest monthly compensation (HMC);
Hired after June 30, 1981 and those electing GABA — highest average compensation (HAC) during any consecutive 36 months

Eligibility for benefit

20 years of membership service, regardless of age

Early Retirement

Age 50, 5 years of membership service

Vesting 5 years of membership service

Monthly benefit formula

Members hired prior to July 1, 1981 and not electing GABA are entitled to the greater of:
2.5% of HAC per year of service; OR
i) if less than 20 years of service, —
 2% of HMC for each year of service;
ii) if more than 20 years of service —
 50% of the member's HMC plus 2% of the member's HMC for each year of service over 20 years

Members hired after June 30, 1981 and those electing GABA:

2.5% of HAC per year of service

Guaranteed Annual Benefit Adjustment (GABA)

Hired after July 1, 1997, or those electing GABA — after the member has completed 12 full months of retirement, the member's benefit increases by a maximum of 3% each January, inclusive of all other adjustments to the member's benefit.

Minimum benefit adjustment (non-GABA)

If hired before July 1, 1997 and member did not elect GABA, the monthly retirement, disability or survivor's benefit may not be less than $\frac{1}{2}$ the compensation of a newly confirmed firefighter employed by the city that last employed the member (provided the member has at least ten years of service credit).

At June 30, 2007 FURS had 17 participating employers, the same as FY2006. The participating employers consist of:

| FURS EMPLOYERS | | |
|---|----------------------|----------------------|
| | <u>June 30, 2007</u> | <u>June 30, 2006</u> |
| Employers | | |
| State Agencies - Department of Military Affairs | 1 | 1 |
| Cities and Towns | <u>16</u> | <u>16</u> |
| Total | 17 | 17 |

FINANCIAL SECTION

Contributions: Member and employer contribution rates are established by state law and may be amended only by the Legislature. The member contribution rates for fiscal year 2007 are 9.5% for members hired prior to July 1, 1997, and 10.7% for members hired after June 30, 1997 and members electing GABA coverage. Contributions are deducted from each member's salary and remitted by participating employers. An individual account is established for each member's contributions and interest allocations until a retirement or refund request is processed. Employer contribution rates for fiscal year 2007 were 14.36% of the total FURS-covered pay-

roll. The State contribution was 32.61% of total compensation for all covered firefighters in fiscal year 2007. State contributions are requested at the beginning of each fiscal year based on previous fiscal year salary and are due no later than November 1. (Reference Schedule of Contribution Rates on page 78).

Additional Service Purchase: A provision (section 19-2-706, MCA) related to the Employee Protection Act allows state and university system employees, who are eligible for a service retirement and whose positions have been eliminated, to have their employer pay a portion of the total cost of purchasing up to three years of "1-for-5" additional service. The employer has up to ten years to complete payment for the service purchases and is charged 8% interest on the unpaid balance. No employees have taken advantage of this provision to date.

| FURS Active Membership by Employee Type | | |
|--|---------------|---------------|
| Employee Type | June 30, 2007 | June 30, 2006 |
| GABA | 474 | 460 |
| Non-GABA | 6 | 7 |
| Total | 480 | 467 |

Volunteer Firefighters' Compensation Act (VFCA)

Plan Description: The VFCA is a state-wide retirement and disability plan. This compensation plan was established in 1965 and is governed by Title 19, chapter 17, MCA. All members are unpaid volunteers and the State of Montana is the only contributor to the plan. Benefits are established by state law and can only be amended by the Legislature. The VFCA provides pension, disability and survivorship benefits for all volunteer firefighters who are members of qualified volunteer fire companies in unincorporated areas, towns or villages under the laws of the State of Montana. Benefits are based on eligibility and years of service. Member rights are vested after ten years of credited membership service. VFCA also provides limited benefits for death or injuries incurred in the line of duty.

A member can obtain greater than 20 years of service and when the member retires, a benefit can be drawn on the increased years of service. The maximum years of service allowed is 30 years. For each additional year of service the member's monthly benefit is increased by \$7.50.

A member that chooses to retire and draw a pension benefit may return to service with the volunteer fire department without loss of benefits. A returning retired member may not be considered an active member accruing service credit. A brief summary of eligibility and benefits follows on top of the next page:

VFCA Summary of Benefits

Eligibility for benefit

Age 55, 20 years of service credit;
Age 60, 10 years of service credit

Additional Benefit

After April 25, 2005, members that have greater than 20 years of service credit (with a maximum of 30 years) may receive additional benefits (maximum benefit \$225).

Vesting 10 years of service credit

Monthly benefit formula

\$7.50 per year of service credit, maximum \$225 (no more than 30 years)

Contributions: The State is the only contributor to the VFCA. Contributions are 5% of fire insurance premium taxes collected on certain fire risks. The State Auditor makes annual payments from the general fund to the Volunteer Firefighters' Pension Fund from fire insurance premiums. (Reference Schedule of Contribution Rates on page 78).

Group Insurance Payments: Supplemental payments are available to qualified volunteer fire companies that provide additional group medical insurance for their members in case of death or injury incurred while in the line of duty. The payment is made to the volunteer fire companies and is equal to \$75 per year for each mobile firefighting unit owned by the volunteer fire company, up to a maximum of two units.

Public Employees' Retirement System-DCRP (PERS-DCRP)

Plan Description: The defined contribution retirement plan (DCRP) is a multiple employer plan established July 1, 2002 and governed by Title 19, chapters 2 & 3, MCA. This plan is available to eligible employees of the State, university system, local governments and school districts. All new PERS members are members of the PERS-DBRP. They have a 12-month window during which they may choose to transfer to the PERS-DCRP or remain in the PERS-DBRP. The choice is irrevocable. Members may not be members of both the PERS-DCRP and PERS-DBRP retirement plans. The PERS-DCRP provides retirement, disability and death benefits to participants and their beneficiaries. Contribution rates can only be

amended by the Legislature. Benefits are based on eligibility and account balance.

The PERB received a long-term INTERCAP loan from the Montana Board of Investments through the Montana Department of Administration to fund the DCRP's implementation costs. Authorization for the loan was provided by the Legislature, Chapter 471, Laws of 1999. As of June 30, 2004, all of the draws were combined into one loan and the maturity date extended to February 2018. The 2007 Legislature passed HB 125 which appropriated funds to pay-off the loan. Consequently, the loan was paid-off on May 8, 2007. The loan is discussed in Note C of the *Financial Section* of this report on page 51.

FINANCIAL SECTION

The investment options offered are selected by the PERB in compliance with their Investment Policy Statement and with the assistance of the statutorily-created Employee Investment Advisory Council and the advice of a third-party consultant. Participants of the DCRP direct their contributions and a portion of their employer's contributions among the offered investment options. The remaining portion of employer's contributions is used to reduce the Plan Choice Rate unfunded actuarial liability, to fund the long-term disability benefits to participants of the DCRP and to fund an employee education program. Participants may invest in any or all of the offered options and transfer between options on a daily basis, if desired.

The offered investment options fall into two primary types: (1) the fixed investment option and (2) the variable investment options. The variable investment options include mutual funds and bond funds. All options range from aggressive to conservative. The mutual funds cover all standard asset classes and categories. The investment options as of June 30, 2007 are as follows:

PERS-DCRP Investment Options

International Stock Funds

American Funds New Perspective
SSGA International Growth Opportunities
Oakmark International
Barclay's Global Equity Index

Small Company Stock Funds

Manager AMG Essex
Vanguard Small Cap Index Adm
Hotchkis & Wiley Small Cap Value

Mid-Sized Company Stock Funds

Munder Mid-Cap Select
Janus Mid Cap Value Investors

Large Company Stock Funds

American Funds Growth Fund A
Vanguard Equity-Income Adm
Vanguard Growth & Income Adm

Balanced Funds

Vanguard Balanced Index

Bond Funds

Vanguard Total Bond Market Index

Fixed Investment Options

DCRP Fixed Fund

Fixed investment: The fixed investment option guarantees both principal (the deferred salary) and a quarterly rate of return. The fixed investment option requires the services of two external providers who were selected through the State's competitive bidding process. The external providers are Aegon and Pacific Investment Management Company (PIMCO). Aegon provides a guarantee of principal and sets a quarterly rate of return based upon the investment manager's portfolio yield and duration. PIMCO, the investment manager, invests the assets in a PIMCO mutual fund.

Administrative expenses and revenues that fund them are accounted for within the plan. Expenses for the DCRP can generally be classified as 1) administrative (including miscellaneous) or 2) investment management. Following is a summary of all expenses:

Recordkeeping fees: The record keeper, Great West Retirement Services, charges a set administrative fee to all plan participants. On a quarterly basis, the fees are withheld from each plan participant's account.

Mutual fund/variable investments: All of the variable investments have investment

management fees; some may have additional administrative fees. These fees are not presented on the financial statements. Mutual fund earnings are declared net of all expenses, both investment management and administrative, in accordance with the Securities and Exchange Commission and other regulatory authorities. Current reporting standards for mutual fund companies do not require costs to be made available in the detailed cost reports.

Fixed investment fees: Fees on the fixed investments are charged by each of the providers, PIMCO and Aegon. The fees are defined per each contract for the specific services. The fixed investment credited rate is declared net of expenses.

PERS-DCRP Summary of Benefits

Eligibility for Benefit

Termination of service

Vesting

Immediate for participant's contributions and attributable income;
5 years for the employer's contributions to individual accounts and attributable income.

Benefit

Dependent upon individual account balance;
Various payout options available including: taxable lump sums; periodic payments per participant direction and IRS permitted rollovers.

Contributions: Member and employer contribution rates are established by state law and may be amended only by the Legislature. The member contribution rate for fiscal year 2007 was 6.9% of member's compensation. Contributions are deducted from each member's salary and remitted by participating employers. The entire amount of the member's contribution is credited to the individual account which is maintained by the record keeper. Each state agency and university system employer contributed 6.9% of PERS-covered payroll during fiscal year 2007. Par-

PERB administrative fees: MPERA's administrative fee is a basis point (or percent) fee based on account balances. On a quarterly basis, the record keeper withholds the fees from each plan participant's account and submits them to the PERB.

The fees charges by PIMCO are classified as Investment Expense. Because the fees charged by Great West Retirement Services and Aegon are explicit and not net from assets, they are classified as *Miscellaneous Expense*.

A brief summary of eligibility and benefits follows:

ticipating local governments and school district employers contribute 6.8% of PERS-covered payroll during fiscal year 2007. The State contributes the remaining 0.1% for local governments and school employers from the state general fund. The employer rate of 6.9% is allocated as follows: 4.19% allocated to the member's retirement account, 2.37% allocated to the defined benefit plan choice rate, 0.04% allocated to defined contribution education fund and 0.3% allocated to the long-term disability plan. (Reference Schedule of Contribution Rates on page 78).

FINANCIAL SECTION

Effective July 1, 2007, the employer contribution rates will increase. This increase is due to the passage of House Bill 131 during the 2007 Legislative Session. Employer contribution rates for State and University employers increased by 0.135% making the total contribution rate 7.035%. Local Government (except school districts) employer rates increased by 0.135%, making a total contribution rate of 6.935%. State contribution rates for School District employers increased by 0.135%, making a total contribution of 0.235%. School District employers rate remains at 6.9%.

Plan Membership Elections: Included in the financial statements are employer contribution transfers of \$15,000 and member contribution transfers of \$24,000. These transfers reflect the contribution transfers of DCRP participants that filed elections at or near the June 30 cutoff date but the contributions were moved in early fiscal year 2008.

DCRP Education Fund: Implemented July 1, 2002, the DCRP Education Fund (DCEd), as governed by section 19-3-112,

MCA, was established to provide funding for the required education programs for the members who have joined the PERS-DCRP. The DCED is funded by 0.04% of the employers' contributions.

| PERS-DCRP Active Membership by Employer Type | | |
|---|---------------|---------------|
| Employer Type | June 30, 2007 | June 30, 2006 |
| State Agencies | 695 | 579 |
| Counties | 290 | 265 |
| Cities | 206 | 183 |
| Universities | 70 | 57 |
| High Schools | 3 | 2 |
| School Districts | 181 | 172 |
| Other Agencies | 118 | 104 |
| Total | 1,563 | 1,362 |

DCRP Disability Fund: Implemented July 1, 2002, the DCRP Disability Fund (DC Disability), as governed by section 19-3-2117, MCA, will provide disability benefits to eligible members who have joined the PERS-DCRP. The DC Disability is funded by 0.3% of the employers' contribution.

At June 30, 2007 PERS-DCRP had 237 reporting employers, eight more than in FY2006. The participating employers consist of:

| PERS-DCRP EMPLOYERS | | |
|---------------------|---------------|---------------|
| Employers | June 30, 2007 | June 30, 2006 |
| State Agencies | 28 | 29 |
| Counties | 43 | 43 |
| Cities and Towns | 43 | 41 |
| Universities | 5 | 5 |
| School Districts | 81 | 79 |
| High Schools | 3 | 2 |
| Other Agencies | 34 | 30 |
| Total | 237 | 229 |

Deferred Compensation Plan (457)

Plan Description: The deferred compensation (457) plan is a voluntary supplemental retirement savings plan established in 1976. The deferred compensation plan is governed by Title 19, chapter 50, MCA, in accordance with Internal Revenue Service Code (IRC) §457. All employees of the State, the Montana University System and contracting political subdivisions are eligible to participate.

Assets of the deferred compensation plan are required to be held in trusts, custodial accounts or insurance company contracts for the exclusive benefit of participants and their beneficiaries. Great West Retirement Services is the record keeper for the plan. Participants elect to defer a portion of their salary, within Internal Revenue Code limits. The deferred salary is not available to employees until separation from service, retirement, death, or upon an unforeseeable emergency while still employed, provided IRS-specified criteria are met.

Plan participants direct their deferred salary among the offered investment options. The investment options offered are selected by the PERB in compliance with their Investment Policy Statement and with the assistance of the statutorily-created Employee Investment Advisory Council and the advice of a third-party consultant. Participants may invest in all of the offered options and transfer between options on a daily basis, if desired.

The offered investment options fall into two primary types: (1) the fixed investment option and (2) the variable investment options. The variable investment options include mutual funds, bond funds and profile funds. All options range from aggressive to conservative. The mutual funds cover all

standard asset classes and categories. The asset allocation funds are preset funds that invest in underlying mutual funds to achieve a set investment objective. The investment options as of June 30, 2007 are as follows:

Deferred Compensation (457) Plan **Investment Options**

International Stock Funds

Artisan International
Mutual Discovery Z
Dodge & Cox International
American Funds New Perspective

Small Company Stock Funds

Neuberger Berman Genesis
Manager AMG Essex
Munder Small Cap Value

Mid-Sized Company Stock Funds

Munder Mid-cap Select
Vanguard Small Cap Index
Hotchkis & Wiley Mid-cap Value

Large Company Stock Funds

Davis NY Venture A
Fidelity Contrafund
TCW Galileo Select Equities N
Vanguard 500 Index
Calvert Social Investors

Balanced Funds

Dodge & Cox Balanced

Bond Funds

Neuberger Berman High Income
PIMCO Total Return Admin

Fixed Investment Options

Montana Fixed Fund

FINANCIAL SECTION

Asset Allocation Funds

Moderately Aggressive
Moderate
Conservative

In addition to the investment listed, plan participants previously had the option to direct a portion of their deferrals to a term life insurance policy provided through Allianz Life Insurance. The ability to invest in life insurance is allowed under the IRC and was offered to plan participants prior to life insurance being offered as a standard component of health insurance benefit packages. This investment option has been discontinued; however, plan participants who had previously elected this option may continue.

Fixed investment: The fixed investment option guarantees both principal (the deferred salary) and a quarterly rate of return. The fixed investment option requires the services of three external providers who were selected through the State's competitive bidding process. The external providers are Aegon, Pacific Investment Management Company (PIMCO) and State Street Bank Kansas City (SSKC). Aegon provides a guarantee of principal and sets a quarterly rate of return based upon the investment manager's portfolio yield and duration. PIMCO, the investment manager, directs the investment of the assets. Assets are invested in the bond market in accordance with established guidelines for credit quality, duration and issue concentration. SSKC is PIMCO's custodial bank and holder of the assets. SSKC exchanges the assets as directed by PIMCO.

Administrative expenses and the revenues that fund them are accounted for within the plan. Expenses for the 457 plan can generally be classified as 1) administrative (including miscellaneous) or 2) investment management. Following is a summary of all expenses:

Record keeping fees: The record keeper, Great West Retirement Services, charges a set administrative fee to all plan participants. On a quarterly basis, the fees are withheld from each plan participant's account.

Mutual fund/variable investments fees: All of the variable investments have investment management fees; some may have additional administrative fees. These fees are not presented on the financial statements. Mutual fund earnings are declared net of expenses, both investment management and administrative, in accordance with the Securities Exchange Commission and other regulatory authorities. Current reporting standards for mutual companies do not require costs to be made available in the detailed cost reports.

Fixed investment fees: Fees on the fixed investments are charged by each of the three providers, PIMCO, SSKC and Aegon. The fees are defined per each contract for specific services. The fixed investment credited rate is declared net of expenses.

PERB administrative fees: The PERB also receives 12(b)(1) or re-allotment fees from certain mutual fund companies. These fees are normally charged by the mutual funds for the purpose of individual record keeping. Because the mutual fund companies involved in the deferred compensation plan do not need to keep records of participants' accounts, the fees are returned to the PERB. The PERB uses 12(b)(1) fees to pay administrative expenses associated with the deferred compensation plan. These amounts are recorded as Miscellaneous Revenue.

The fees charged by PIMCO and SSKC for the externally managed fixed investments are classified as *Investment Expense*. Because the fees charged by Great West Retirement Services and Aegon are explicit and not net from

assets, they are classified as *Miscellaneous Expense*.

A brief summary of eligibility and benefits follows:

Deferred Compensation Plan Summary

Contribution

Voluntary, tax-deferred

Eligibility of Benefit

Not available to participant until separation from service, retirement, death, or upon an unforeseeable emergency, while still employed, provided IRS-specified criteria are met.

Vesting

Participants are fully vested in their accounts at the time of crediting

Benefit

Lump sum or periodic benefit payment, at the option of the participant. Based on individual account balances and plan provisions. IRS permitted rollovers are also possible.

At June 30, 2007 the deferred compensation plan had 16 participating employers, an increase of four from FY 2006. The participating employers consist of:

DEFERRED COMPENSATION EMPLOYERS

| <u>Employers</u> | <u>June 30, 2007</u> | <u>June 30, 2006</u> |
|---------------------------|----------------------|----------------------|
| State of Montana * | 1 | 1 |
| Counties | 2 | 2 |
| Colleges and Universities | 6 | 6 |
| School Districts | 2 | 1 |
| Cities | 2 | 0 |
| Other | 3 | 2 |
| Total | 16 | 12 |

*The State of Montana includes 36 agencies; however, due to the nature of the reporting for the 457 plan we are unable to specifically determine which agencies participate.

Contributions: The deferred compensation plan is a voluntary, tax-deferred retirement plan designed to supplement retirement,

Social Security and other retirement plans and savings. Participants designate the amount to contribute within IRC limitations.

FINANCIAL SECTION

| <i>FY 2007 Schedule of Contribution Rates</i> | | | |
|---|---|--|--|
| System | Member | Employer* | State |
| PERS-DBRP* | 6.9% [19-3-315, MCA] | 6.9% State & University 6.8% Local Governments [19-3-316, MCA] | 0.1% of local government payroll – paid from the General Fund [19-3-319, MCA] |
| PERS-DCRP* | 6.9% [19-3-315, MCA] | 6.9% State & University 6.8% Local Governments [19-3-316, MCA] | 0.1% of local government payroll – paid from the General Fund [19-3-319, MCA] |
| JRS | 7.0% [19-5-402, MCA] | 25.81% [19-5-404, MCA] | |
| HPORS | 9.0% - hired prior to 7-01-97 & not electing GABA 9.05% - hired after 6-30-97 & members electing GABA [19-6-402, MCA] | 26.15% [19-6-404(1), MCA] 10.18% of salaries – paid from drivers' license fees [19-6-404(2), MCA] | |
| SRS* | 9.245% [19-7-403, MCA] | 9.535% [19-7-404, MCA] | |
| GWPORS | 10.56% [19-8-502, MCA] | 9.0% [19-8-504, MCA] | |
| MPORS | 5.8% - hired on or before 6-30-75 & not electing GABA [19-9-710(a), MCA] 7.0% - hired after 6-30-75 & prior to 7-1-79 & not electing GABA [19-9-710(b), MCA] 8.5% - hired after 6-30-79 and prior to 7-1-97 & not electing GABA [19-9-710(c), MCA] 9.0% - hired after 6-30-97 & members electing GABA [19-9-710(d), MCA & 19-9-710 (2), MCA] | 14.41% [19-9-703, MCA] | 29.37% of salaries – paid from the General Fund [19-9-702, MCA] |
| FURS | 9.5% - hired prior to 7-1-97 & not electing GABA [19-13-601(2)(a), MCA] 10.7% - hired after 06-30-97 & members electing GABA [19-13-601(2)(b), MCA] | 14.36% [19-13-605, MCA] | 32.61% of salaries – paid from the General Fund [19-13-604, MCA] |
| VFCA | | | 5.0% of fire insurance premiums, paid from the General Fund [19-17-301, MCA] |

*The employer contribution rate increases on July 1, 2007 for PERS-DBRP, PERS-DCRP and SRS.

FINANCIAL SECTION

This page left blank intentionally

FINANCIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Required Supplementary Information

Schedule of Funding Progress

(in thousands)

| System | Actuarial Valuation Date | Actuarial Value of Assets ¹ (a) | Actuarial Accrued Liability (AAL) -Entry Age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) (c) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|------------------|--------------------------|---|--|---------------------------------|------------------------------|------------------------|--|
| PERS-DBRP | 06/30/02 | \$ 3,076,781 | \$ 3,077,764 | \$ 983 | 99.97% | \$ 808,747 | 0.12% |
| | 06/30/04 | 3,047,287 | 3,514,085 | 466,798 | 86.72 | 832,847 | 56.05 |
| | 06/30/05 | 3,179,010 | 3,719,998 | 540,988 | 85.46 | 847,431 | 63.84 |
| | 06/30/06 | 3,459,084 | 3,919,313 | 460,229 | 88.26 | 880,708 | 52.26 |
| | 06/30/07 | 3,825,234 | 4,201,251 | 376,017 | 91.05 | 907,424 | 41.44 |
| JRS | 06/30/02 | 44,963 | 30,882 | (14,081) | 145.60 | 4,000 | -352.03 |
| | 06/30/04 | 45,134 | 34,724 | (10,410) | 129.98 | 4,403 | -236.43 |
| | 06/30/05 | 47,552 | 34,525 | (13,027) | 137.73 | 4,462 | -291.95 |
| | 06/30/06 | 51,808 | 37,159 | (14,649) | 139.42 | 4,762 | -307.62 |
| | 06/30/07 | 57,778 | 36,863 | (20,915) | 156.74 | 4,841 | -432.04 |
| HPORS | 06/30/02 | 81,734 | 94,850 | 13,116 | 86.17 | 7,536 | 174.04 |
| | 06/30/04 | 79,104 | 104,069 | 24,965 | 76.01 | 7,844 | 318.27 |
| | 06/30/05 | 82,050 | 112,938 | 30,888 | 72.65 | 9,104 | 339.28 |
| | 06/30/06 | 87,189 | 112,002 | 24,813 | 77.85 | 7,878 | 314.97 |
| | 06/30/07 | 95,758 | 128,306 | 32,548 | 74.63 | 9,858 | 330.17 |
| SRS | 06/30/02 | 138,590 | 121,625 | (16,965) | 113.95 | 24,521 | -69.19 |
| | 06/30/04 | 141,022 | 148,608 | 7,586 | 94.90 | 27,373 | 27.71 |
| | 06/30/05 | 148,458 | 159,347 | 10,889 | 93.17 | 28,423 | 38.31 |
| | 06/30/06 | 163,003 | 171,841 | 8,838 | 94.86 | 34,242 | 25.81 |
| | 06/30/07 | 183,894 | 189,036 | 5,142 | 97.28 | 43,611 | 11.79 |

Analysis of the dollar amounts of plan net assets, actuarial accrued liability, and unfunded actuarial accrued provides one indication of the plan's funding status on a going-concern basis. Analysis of this percentage percentage, the stronger the plan. Trends in the unfunded actuarial accrued liability and annual covered covered payroll approximately adjusts for the effects of inflation and aids analysis of the plan's progress stronger the plan.

¹Refer to the "Notes to the Required Supplementary Information" for the Actuarial Asset Valuation Method (Page 84).

FINANCIAL SECTION

| System | Actuarial Valuation Date | Actuarial Value of Assets ¹ (a) | Actuarial Accrued Liability (AAL) -Entry Age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|---------------|--------------------------|---|--|---------------------------------|-----------------------|------------------------|--|
| GWPORS | 06/30/02 | \$ 38,730 | \$ 39,109 | \$ 379 | 99.03% | \$ 17,151 | 2.21% |
| | 06/30/04 | 45,210 | 50,310 | 5,100 | 89.86 | 21,442 | 23.79 |
| | 06/30/05 | 50,961 | 56,414 | 5,453 | 90.33 | 22,496 | 24.24 |
| | 06/30/06 | 58,813 | 64,183 | 5,370 | 91.63 | 25,846 | 20.78 |
| | 06/30/07 | 68,755 | 72,992 | 4,237 | 94.20 | 28,799 | 14.71 |
| MPORS | 06/30/02 | 143,516 | 226,827 | 83,311 | 63.27 | 22,229 | 374.79 |
| | 06/30/04 | 149,510 | 260,094 | 110,584 | 57.48 | 24,531 | 450.79 |
| | 06/30/05 | 159,417 | 276,379 | 116,962 | 57.68 | 26,198 | 446.45 |
| | 06/30/06 | 175,919 | 291,099 | 115,180 | 60.43 | 27,644 | 416.65 |
| | 06/30/07 | 198,310 | 310,423 | 112,113 | 63.88 | 29,547 | 379.44 |
| FURS | 06/30/02 | 136,392 | 197,946 | 61,554 | 68.90 | 17,953 | 342.86 |
| | 06/30/04 | 142,109 | 227,599 | 85,490 | 62.44 | 20,248 | 422.21 |
| | 06/30/05 | 151,393 | 238,157 | 86,764 | 63.57 | 20,474 | 423.78 |
| | 06/30/06 | 167,343 | 255,513 | 88,170 | 65.49 | 22,917 | 384.74 |
| | 06/30/07 | 188,545 | 269,399 | 80,854 | 69.99 | 24,250 | 333.42 |
| VFCA | 06/30/02 | 19,254 | 26,808 | 7,554 | 71.82 | N/A | N/A |
| | 06/30/04 | 20,058 | 28,680 | 8,622 | 69.94 | N/A | N/A |
| | 06/30/05 | 21,311 | 30,773 | 9,462 | 69.25 | N/A | N/A |
| | 06/30/06 | 23,238 | 31,883 | 8,645 | 72.89 | N/A | N/A |
| | 06/30/07 | 25,862 | 31,599 | 5,737 | 81.84 | N/A | N/A |

Covered payroll is not applicable to VFCA because members are unpaid volunteers.

liability in isolation can be misleading. Expressing plan net assets as a percentage of the actuarial accrued liability over time indicates whether the plan is becoming financially stronger or weaker. Generally, the greater this payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the

FINANCIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Required Supplementary Information

Schedule of Employer Contributions & Other Contributing Entities

| System | Year Ended June 30 | Annual Required Contributions | Actuarial Required Contribution | | Annual Required State Contribution ² | | Percentage Contributed |
|------------------|-----------------------|-------------------------------------|---------------------------------------|---------------------------|--|---------------|---------------------------|
| | | | Rate ¹ | Percentage Contributed | State Contribution ² | | |
| PERS-DBRP | 2002 | \$ 55,803,545 | 6.90% | 99.54% | \$ 373,721 | 100.00% | |
| | 2003 | 58,573,696 | 6.90 | 98.16 | 388,954 | 100.00 | |
| | 2004 | 67,044,215 | 8.05 | 86.20 | 402,566 | 100.00 | |
| | 2005 | 71,523,156 | 8.44 | 82.06 | 420,658 | 100.00 | |
| | 2006 | 69,311,689 | 7.87 | 91.54 | 442,994 | 100.00 | |
| | 2007 | 60,252,960 | 6.64 | 110.41 | 445,798 | 100.00 | |
| JRS | 2002 | 801,137 | 20.03 | 128.86 | | | |
| | 2003 | 816,691 | 20.03 | 128.86 | | | |
| | 2004 | 304,277 | 6.91 | 373.52 | | | |
| | 2005 | 143,222 | 3.21 | 811.43 | | | |
| | 2006 | 112,854 | 2.37 | 1089.03 | | | |
| | 2007 | (230,425) | - 4.76 | -542.23 | | | |
| HPORS | 2002 | 2,737,999 | 36.33 | 101.16 | 308,973 | 100.00 | |
| | 2003 | 2,836,992 | 36.33 | 101.02 | 353,589 | 100.00 | |
| | 2004 | 2,849,545 | 36.33 | 100.32 | 348,137 | 100.00 | |
| | 2005 | 3,307,439 | 36.33 | 100.50 | 668,748 | 100.00 | |
| | 2006 | 2,862,188 | 36.33 | 101.50 | 277,178 | 100.00 | |
| | 2007 | 3,581,499 | 36.33 | 101.48 | 284,631 | 100.00 | |
| SRS | 2002 | 2,338,104 | 9.54 | 102.10 | | | |
| | 2003 | 2,435,269 | 9.54 | 102.70 | | | |
| | 2004 | 3,198,485 | 11.69 | 84.57 | | | |
| | 2005 | 3,474,750 | 12.23 | 80.95 | | | |
| | 2006 | 3,896,731 | 11.38 | 90.42 | | | |
| | 2007 | 4,175,763 | 9.58 | 105.04 | | | |

Refer to the "Notes to the Required Supplementary Information" (Page 84).

This schedule was revised in FY2005 to reflect the actuarially calculated ARC rather than the statutory rate that was previously used.

¹ The Annual Required Contribution for FY03 is based on prior year-end actuarial study.

² The Annual Required Contribution for HPORS includes the required registration fees; and for MPORS and FURS is based on covered payroll, which includes payroll adjustments.

FINANCIAL SECTION

| System | Year Ended June 30 | Annual Required Contributions | Actuarial Required Contribution Rate ¹ | | Annual Required State Contribution ² | | Percentage Contributed |
|---------------|-----------------------|-------------------------------------|--|---------------------------|--|---------------------------|---------------------------|
| | | | Rate ¹ | Percentage Contributed | State Contribution ² | Percentage Contributed | |
| GWPORS | 2002 | \$ 1,759,644 | 10.26% | 90.64% | | | |
| | 2003 | 2,055,590 | 10.26 | 89.28 | | | |
| | 2004 | 1,979,117 | 9.23 | 102.12 | | | |
| | 2005 | 2,083,154 | 9.26 | 98.58 | | | |
| | 2006 | 2,336,515 | 9.04 | 102.34 | | | |
| | 2007 | 2,217,558 | 7.70 | 118.94 | | | |
| MPORS | 2002 | 3,203,173 | 14.41 | 102.15 | \$ 6,528,604 | 100.02% | |
| | 2003 | 3,355,991 | 14.41 | 104.89 | 6,840,073 | 99.39 | |
| | 2004 | 3,534,920 | 14.41 | 102.68 | 7,204,760 | 100.05 | |
| | 2005 | 3,775,191 | 14.41 | 100.41 | 7,694,474 | 100.14 | |
| | 2006 | 3,983,471 | 14.41 | 101.30 | 8,118,982 | 100.77 | |
| | 2007 | 4,258,134 | 14.41 | 100.58 | 8,678,793 | 100.00 | |
| FURS | 2002 | 2,578,021 | 14.36 | 97.80 | 5,854,406 | 98.46 | |
| | 2003 | 2,672,133 | 14.36 | 106.04 | 6,068,123 | 98.98 | |
| | 2004 | 2,876,584 | 14.36 | 100.09 | 6,532,410 | 100.00 | |
| | 2005 | 2,940,092 | 14.36 | 100.65 | 6,676,629 | 100.63 | |
| | 2006 | 3,290,840 | 14.36 | 101.14 | 7,473,141 | 100.80 | |
| | 2007 | 3,482,288 | 14.36 | 101.09 | 7,907,898 | 100.63 | |
| VFCA | 2002 | | | | 1,133,741 | 100.00 | |
| | 2003 | | | | 1,310,088 | 100.00 | |
| | 2004 | | | | 1,434,068 | 100.00 | |
| | 2005 | | | | 1,527,264 | 100.00 | |
| | 2006 | | | | 1,610,462 | 100.00 | |
| | 2007 | | | | 1,660,695 | 100.00 | |

FINANCIAL SECTION

Public Employees' Retirement Board A Component Unit of the State of Montana Notes to the Required Supplementary Information

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of latest actuarial valuation follows:

| | PERS-DBRP | JRS | HPORS |
|---|-----------------------------------|---|---|
| Valuation date | June 30, 2007 | June 30, 2007 | June 30, 2007 |
| Actuarial cost method | Entry Age | Entry Age | Entry Age |
| Amortization method | Level percentage of payroll, open | Level percentage of payroll, open | Level percentage of payroll, open |
| Remaining amortization period in years: | | | |
| Unfunded Liability | 21.9 | | 19.1 |
| Unfunded Credit ¹ | | 30 | |
| Asset valuation method | 4-Year smoothed market | 4-Year smoothed market | 4-Year smoothed market |
| <i>Actuarial assumptions:</i> | | | |
| Investment rate of return compounded annually | 8% | 8% | 8% |
| Projected salary increases | | | |
| General Wage Growth* | 4.25% | 4.25% | 4.25% |
| Merit | 0% - 6% | None | 0% - 7.3% |
| * includes inflation rate at | 3.25% | 3.25% | 3.25% |
| Benefit Adjustments | | | |
| GABA ² | 3% after 1 yr | 3% after 1 yr | 3% after 1 yr |
| Non-GABA | N/A | Biennial increase to salary of active member in like position | 2% per yr service for newly confirmed officer |

¹ Assets are larger than the past service liability – creating an unfunded credit; the credit is amortized over future costs and the amortization period may not exceed 30 years.

² GABA reduction for new hires of PERS, SRS, GWPORS effective July 1, 2007.

FINANCIAL SECTION

| SRS | GWPORS | MPORS | FURS | VFCA |
|-----------------------------------|-----------------------------------|---|---|-----------------------------------|
| June 30, 2007 | June 30, 2007 | June 30, 2007 | June 30, 2007 | June 30, 2007 |
| Entry Age | Entry Age | Entry Age | Entry Age | Entry Age |
| Level percentage of payroll, open | Level percentage of payroll, open | Level percentage of payroll, open | Level percentage of payroll, open | Level percentage of revenue, open |
| 19.6 | 11.3 | 20.5 | 12.9 | 5.1 |
| 4-Year smoothed market | 4-Year smoothed market | 4-Year smoothed market | 4-Year smoothed market | 4-Year smoothed market |
| 8% | 8% | 8% | 8% | 8% |
| 4.25% | 4.25% | 4.25% | 4.25% | N/A |
| 0% - 7.3% | 0% - 7.3% | 0% - 7.3% | 0% - 7.3% | N/A |
| 3.25% | 3.25% | 3.25% | 3.25% | 3.25% |
| 3% after 1 yr N/A | 3% after 1 yr N/A | 3% after 1 yr 50% newly confirmed officer | 3% after 1 yr 50% newly confirmed officer | N/A N/A |

FINANCIAL SECTION

This page intentionally left blank

FINANCIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Administrative Expenses

Year Ended June 30, 2007

| | Defined Benefit Plans | PERS-DBRP Education Fund | Defined Contribution PERS-DCRP | Deferred Compensation 457 Plan |
|--------------------------------------|--------------------------------------|---|---|---|
| Personal Services | | | | |
| Salaries | \$ 1,116,370 | \$ 92,895 | \$ 92,343 | \$ 85,234 |
| Board Members' Per Diem | 8,329 | | 327 | 327 |
| Employee Benefits | <u>347,626</u> | <u>30,785</u> | <u>28,513</u> | <u>25,658</u> |
| Total Personal Services | 1,472,325 | 123,680 | 121,183 | 111,219 |
| Other Services | | | | |
| Consulting Services | 349,355 | 16 | 27,332 | 26,237 |
| Legal Fees and Court Costs | 88,490 | | 59 | 59 |
| Payroll Fees | 985 | 77 | 62 | 58 |
| Audit Fees | 29,136 | | 930 | 930 |
| Medical Services | 8,304 | | | |
| Records Storage | 7,068 | 21 | | |
| Pre-Retirement Seminars | | 2,500 | | |
| Computer Processing | 300,036 | 2,578 | 10,857 | 6,455 |
| Printing and Photocopy Charges | 21,688 | 38,920 | 1,263 | 2,077 |
| Warrant Writing Services | 35,509 | | 1,133 | 1,133 |
| Other | <u>8,755</u> | <u>685</u> | <u>554</u> | <u>517</u> |
| Total Other Services | 849,326 | 44,797 | 42,190 | 37,466 |
| Communications | | | | |
| Recruitment Costs | 10,354 | 63 | 310 | 165 |
| Postage and Mailing | 78,049 | 33,501 | 1,045 | 2,345 |
| Telephone | <u>23,142</u> | <u>2,592</u> | <u>1,484</u> | <u>1,364</u> |
| Total Communications | 111,545 | 36,156 | 2,839 | 3,874 |
| Other Expenses | | | | |
| Supplies and Materials | 50,025 | 2,128 | 2,574 | 2,282 |
| Travel | 35,947 | 9,515 | 2,818 | 2,767 |
| Rent | 193,980 | 17,581 | 12,462 | 11,455 |
| Repairs and Maintenance | 589 | 36 | 32 | 29 |
| Depreciation/Amortization | 37,193 | 137 | 733 | 49,080 |
| Compensated Absences | (12,261) | 887 | 4,057 | 3,345 |
| Interest Payments | | | 55,892 | |
| Miscellaneous | <u>45,265</u> | <u>(1,245)</u> | <u>8,429</u> | <u>3,206</u> |
| Total Other Expenses | 350,738 | 29,039 | 86,997 | 72,164 |
| Total Administrative Expenses | <u>\$ 2,783,934</u> | <u>\$ 233,672</u> | <u>\$ 253,209</u> | <u>\$ 224,723</u> |

FINANCIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Investment Expenses

Year Ended June 30, 2007

| <u>Plan</u> | <u>Investment Manager</u> | <u>Fees</u> |
|--|----------------------------------|-----------------------------|
| PERS-DBRP | Board of Investments | \$ 10,055,948 |
| JRS | Board of Investments | 149,499 |
| HPORS | Board of Investments | 251,906 |
| SRS | Board of Investments | 468,711 |
| GWPORS | Board of Investments | 171,546 |
| MPORS | Board of Investments | 492,997 |
| FURS | Board of Investments | 468,371 |
| VFCA | Board of Investments | 65,189 |
| 457 | PIMCO State Street Bank | 448,668 <hr/> 52,467 |
| <i>Total Investment Expense</i> | | <u>\$ 12,625,302</u> |

FINANCIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Consultants

Year Ended June 30, 2007

| Individual or Firm | Nature of Service | Amount Paid |
|--|---------------------------------|--------------------|
| AMDEC Software | Computer Programming Services | \$ 330,953 |
| Milliman | Actuarial Consultant | 179,433 |
| Goetz, Gallik, Baldwin & Dolan | Legal Services | 55,161 |
| Ice Miller | Tax Consultant | 31,643 |
| Legislative Audit Division, Legislative Branch | Independent Auditors | 30,995 |
| Arnerich Massena & Associates, Inc. | Mutual Funds Performance Review | 27,500 |
| Lawrence R. McEvoy, MD | Medical Consultant | 6,066 |
| Legal Services Division, Department of Justice | Legal Services | 3,060 |
| Professional Development Center, Department of Administration | Retirement Planning Seminars | 2,500 |

FINANCIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Detail of Fiduciary Net Assets (PERS-DBRP and PERS-DBEd) as of June 30, 2007

| | PERS-DBRP | PERS-DBEd | TOTAL |
|--|-------------------------|---------------------|-------------------------|
| Assets | | | |
| Cash and Short-term Investments | \$ 110,918,521 | \$ 1,423,958 | \$ 112,342,479 |
| Securities Lending Collateral | 202,100,050 | | 202,100,050 |
| Receivables | | | |
| Interest | 7,987,679 | 6,193 | 7,993,872 |
| Accounts Receivable | 1,164,152 | 14 | 1,164,166 |
| Due from Other Funds | 328,966 | 4,983 | 333,949 |
| Due from Primary Government | 150,538 | | 150,538 |
| Notes Receivable | 85,246 | | 85,246 |
| Total Receivables | 9,716,581 | 11,190 | 9,727,771 |
| Investments, at fair value | | | |
| Montana Domestic Equity Pool (MDEP) | 1,735,718,440 | | 1,735,718,440 |
| Retirement Fund Bond Pool (RFBP) | 987,821,047 | | 987,821,047 |
| Montana International Pool (MTIP) | 818,362,199 | | 818,362,199 |
| Montana Private Equity Pool (MPEP) | 315,058,722 | | 315,058,722 |
| Montana Real Estate Pool (MTRP) | 79,459,123 | | 79,459,123 |
| Real Estate Investments | 8,816,422 | | 8,816,422 |
| Mortgages & Commercial Loans | | | |
| net of Accumulated Mortgage Discount | 36,860,707 | | 36,860,707 |
| Total Investments | 3,982,096,660 | | 3,982,096,660 |
| Capital Assets | | | |
| Property and Equipment, at cost, | | | |
| net of Accumulated Depreciation | 513 | | 513 |
| Intangible Assets, at cost, | | | |
| net of Amortization Expense | 212,275 | 296 | 212,571 |
| Total Capital Assets | 212,788 | 296 | 213,084 |
| Total Assets | 4,305,044,600 | 1,435,444 | 4,306,480,044 |
| Liabilities | | | |
| Securities Lending Collateral Liability | 202,100,050 | | 202,100,050 |
| Accounts Payable | 388,271 | 9,408 | 397,679 |
| Due to Other Funds | 162,438 | 496 | 162,934 |
| Due to Primary Government | 46,230 | 31,834 | 78,064 |
| Deferred Revenue | 67,759 | | 67,759 |
| Compensated Absences | 220,030 | 16,468 | 236,498 |
| Total Liabilities | 202,984,778 | 58,206 | 203,042,984 |
| Net Assets Held in Trust for Pension Benefits | \$ 4,102,059,822 | \$ 1,377,238 | \$ 4,103,437,060 |

FINANCIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

**Detail of Changes in Fiduciary Net Assets (PERS-DBRP and PERS-DBEd)
for the Fiscal Year Ended June 30, 2007**

| | PERS-DBRP | PERS-DBEd | TOTAL |
|---|-------------------------|---------------------|-------------------------|
| Additions | | | |
| Contributions | | | |
| Employer | \$ 66,527,474 | \$ 374,272 | \$ 66,901,746 |
| Plan Member | 69,054,206 | | 69,054,206 |
| Membership Fees | 52 | | 52 |
| Interest Reserve Buyback | 95,694 | | 95,694 |
| Retirement Incentive Program | 291,985 | | 291,985 |
| Miscellaneous Revenue | 1,413 | 123 | 1,536 |
| State Contributions | 445,798 | | 445,798 |
| Total Contributions | 136,416,622 | 374,395 | 136,791,017 |
| Investment Income | | | |
| Net Appreciation (Depreciation) in Fair Value of Investments | 457,602,129 | | 457,602,129 |
| Interest | 167,785,791 | 68,971 | 167,854,762 |
| Dividends | 13,760,866 | | 13,760,866 |
| Investment Expense | (10,055,948) | | (10,055,948) |
| Net Investment Income | 629,092,838 | 68,971 | 629,161,809 |
| Securities Lending Income | | | |
| Securities Lending Income | 7,545,025 | 82 | 7,545,107 |
| Securities Lending Rebate and Fees | (7,148,122) | (82) | (7,148,204) |
| Net Securities Lending Income | 396,903 | 0 | 396,903 |
| Total Net Investment Income | 629,489,741 | 68,971 | 629,558,712 |
| Total Additions | 765,906,363 | 443,366 | 766,349,729 |
| Deductions | | | |
| Benefits | 166,187,966 | | 166,187,966 |
| Refunds/Distributions | 12,867,508 | | 12,867,508 |
| Refunds to Other Plans | 688,128 | | 688,128 |
| Transfers to DCRP | 1,209,017 | | 1,209,017 |
| Transfers to ORP | 211,020 | | 211,020 |
| Administrative Expenses | 2,447,501 | 233,672 | 2,681,173 |
| Total Deductions | 183,611,140 | 233,672 | 183,844,812 |
| Net Increase (Decrease) | 582,295,223 | 209,694 | 582,504,917 |
| Net Assets Held in Trust for Pension Benefits | | | |
| Beginning of Year | 3,519,815,132 | 1,167,544 | 3,520,982,676 |
| Prior Period Adjustment | (50,533) | | (50,533) |
| End of Year | \$ 4,102,059,822 | \$ 1,377,238 | \$ 4,103,437,060 |

FINANCIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Detail of Fiduciary Net Assets (PERS-DCRP, PERS-DCEd and PERS-DC Disability) as of June 30, 2007

| | PERS-DCRP | PERS-DCEd | PERS-DC DISABILITY | TOTAL |
|--|----------------------|------------------|-----------------------|----------------------|
| Assets | | | | |
| Cash and Short-term Investments | \$ 704,961 | \$ 87,255 | \$ 662,184 | \$ 1,454,400 |
| Receivables | | | | |
| Interest | 2,781 | 376 | 2,873 | 6,030 |
| Accounts Receivables | 12 | | | 12 |
| Due from Other Funds | 132,364 | 496 | 3,556 | 136,416 |
| Total Receivables | 135,157 | 872 | 6,429 | 142,458 |
| Investments, at fair value | | | | |
| Defined Contributions Fixed Investments | 1,804,789 | | | 1,804,789 |
| Defined Contributions Variable Investments | 38,615,150 | | | 38,615,150 |
| Total Investments | 40,419,939 | | | 40,419,939 |
| Intangible Assets, at cost, net of Amortization Expense | 3,022 | | | 3,022 |
| Total Assets | 41,263,079 | 88,127 | 668,613 | 42,019,819 |
| Liabilities | | | | |
| Accounts Payable | 7,966 | 379 | | 8,345 |
| Due to Other Funds | 1,861 | 5,152 | | 7,013 |
| Due to Primary Government | 1,609 | 6 | | 1,615 |
| Compensated Absences | 13,606 | 795 | | 14,401 |
| Total Liabilities | 25,042 | 6,332 | | 31,374 |
| Net Assets Held in Trust for Pension Benefits | \$ 41,238,037 | \$ 81,795 | \$ 668,613 | \$ 41,988,445 |

Public Employees' Retirement Board

A Component Unit of the State of Montana

Detail of Changes in Fiduciary Net Assets (PERS-DCRP, PERS-DCEd and PERS-DC Disability) for the Fiscal Year Ended June 30, 2007

| | PERS-DCRP | PERS-DCEd | PERS-DC DISABILITY | TOTAL |
|---|----------------------|------------------|-----------------------|----------------------|
| Additions | | | | |
| Contributions | | | | |
| Employer | \$ 2,640,661 | \$ 31,127 | \$ 185,180 | \$ 2,856,968 |
| Plan Member | 4,394,129 | | | 4,394,129 |
| Miscellaneous Revenue | 1,578,109 | | | 1,578,109 |
| Forfeiture of Nonvested Member | 315,084 | | | 315,084 |
| Total Contributions | 8,927,983 | 31,127 | 185,180 | 9,144,290 |
| Investment Income | | | | |
| Net Appreciation (Depreciation) in Fair Value of Investments | 3,828,040 | | | 3,828,040 |
| Interest | 1,553,412 | 3,799 | 29,374 | 1,586,585 |
| Net Investment Income | 5,381,452 | 3,799 | 29,374 | 5,414,625 |
| Securities Lending Income | | | | |
| Securities Lending Income | 34 | 4 | 35 | 73 |
| Securities Lending Rebate and Fees | (34) | (4) | (35) | (73) |
| Net Securities Lending Income | 0 | 0 | 0 | 0 |
| Total Net Investment Income | 5,381,452 | 3,799 | 29,374 | 5,414,625 |
| Total Additions | 14,309,435 | 34,926 | 214,554 | 14,558,915 |
| Deductions | | | | |
| Distributions | 2,631,609 | | | 2,631,609 |
| Administrative Expenses | 244,270 | 8,939 | | 253,209 |
| Miscellaneous Expenses | 282,453 | | | 282,453 |
| Total Deductions | 3,158,332 | 8,939 | | 3,167,271 |
| Net Increase (Decrease) | 11,151,103 | 25,987 | 214,554 | 11,391,644 |
| Net Assets Held in Trust for Pension Benefits | | | | |
| Beginning of Year | 30,110,401 | 55,808 | 454,059 | 30,620,268 |
| Prior Period Adjustment | (23,467) | | | (23,467) |
| End of Year | \$ 41,238,037 | \$ 81,795 | \$ 668,613 | \$ 41,988,445 |

Public Employees' Retirement Board

A Component Unit of the State of Montana

Report on Investment Activity

INTRODUCTION

The Montana Constitution and Montana statutes govern the investment activity of the retirement funds administered by the Public Employees' Retirement Board (PERB). The "prudent expert principle," contained in the Montana Constitution and Montana statute, requires the fiduciaries of the funds, including the Montana Board of Investments (BOI), to discharge their duties in the same manner that a prudent expert acting in a fiduciary capacity and under the same circumstances exercises in the conduct of an enterprise of a similar character with similar objectives.

The prudent expert principle permits further diversification of the holdings of the fund to minimize the risk of loss and maximize the rate of return. The opportunity to diversify among various asset classes does enable a fund to reduce volatility and increase returns.

The BOI prepares and provides information related to the defined benefit system investments for the PERB. The Montana Public Employee Retirement Administration (MPERA), staff of the PERB, is responsible for the presentation of the report of investment activity.

INVESTMENT GOALS AND OBJECTIVES

The basic goal influencing the investment activity for the PERB is two-fold. First is to realize compound rates of return sufficient to fund promised benefit. The second is to provide benefit services at the lowest possible cost to employers and members.

The basic investment objective of the BOI is the achievement of a total rate of return

greater than the medium performance of its peers over any five-year rolling period, while outperforming the appropriate market indices for each class over the same period.

To calculate the PERB's defined benefit system investment returns, State Street, BOI's custodial bank and an independent third party, use the industry performance presentation standards times weighted total rate of return method.

RISK TOLERANCE

In view of the long time horizon of the pension plans and the adequacy of cash flow to meet retiree payments, all funds have an above-average ability to assume risk. For Montana loans, the maximum loan size is \$5 million.

INVESTMENT MANAGEMENT AND RESULTS

The funds of each defined benefit system are invested by the BOI as part of the unified investment program. The portfolio is broadly diversified between the various asset classes (stocks, bonds, real estate, venture capital, etc.). A complete list of portfolio information is available through the BOI. State Street Bank compiles the rates of return for the investments. The total rates of return for fiscal year 2007 are reported for each defined benefit fund by the BOI. The following tables are a summary of the information received from the BOI.

INVESTMENT SECTION

TOTAL RATES OF RETURN BY ASSET CLASS

12-Month Period ending June 30, 2007

| Asset Class | <u>INDEX</u> | <u>PERS-DBRP</u> | <u>JRS</u> | <u>HPORS</u> | <u>SRS</u> |
|---|--------------|------------------|---------------|---------------|---------------|
| STIP <i>91 day T-Bill</i> | 5.07% | 5.46% | 5.46% | 5.46% | 5.46% |
| Equities ¹ <i>S&P 500</i> | 20.22% | 22.88% | 22.84% | 22.87% | 22.80% |
| Fixed Income <i>LB Aggregate Bond</i> | 6.12% | 6.88% | 6.88% | 6.88% | 6.88% |
| Miscellaneous ² | | 7.02% | | | |
| All Assets | | 17.96% | 17.91% | 18.00% | 17.86% |
| Index Composite³ | | 17.37% | 17.31% | 17.39% | 17.26% |
| | | | | | |
| | <u>INDEX</u> | <u>GWPORS</u> | <u>MPORS</u> | <u>FURS</u> | <u>VFCA</u> |
| STIP <i>91 day T-Bill</i> | 5.07% | 5.46% | 5.46% | 5.46% | 5.46% |
| Equities ¹ <i>S&P 500</i> | 20.22% | 22.86% | 22.79% | 22.79% | 22.89% |
| Fixed Income <i>LB Aggregate Bond</i> | 6.12% | 6.88% | 6.88% | 6.88% | 6.88% |
| All Assets | | 17.83% | 17.89% | 17.90% | 18.03% |
| Index Composite³ | | 17.21% | 17.28% | 17.28% | 17.38% |

¹ Includes MDEP, MTIP, MPEP, MTRP and Real Estate Investments

² Montana Mortgages

³ An Index Composite paralleling the Fund's Asset Allocation at Market Value

The rates of return are provided by State Street Bank, the custodial bank for the plans.

| TOTAL RATES OF RETURN BY ASSET CLASS | | | | | |
|---|--------------|------------------|---------------|---------------|---------------|
| Three-Year Period ending June 30, 2007 | | | | | |
| Asset Class | <u>INDEX</u> | <u>PERS-DBRP</u> | <u>JRS</u> | <u>HPORS</u> | <u>SRS</u> |
| STIP <i>91 day T-Bill</i> | 3.68% | 4.02% | 4.02% | 4.02% | 4.02% |
| Equities ¹ <i>S&P 500</i> | 12.08% | 14.25% | 14.24% | 14.25% | 14.22% |
| Fixed Income <i>LB Aggregate Bond</i> | 3.98% | 5.08% | 5.02% | 5.02% | 5.02% |
| Miscellaneous ² | | 6.29% | | | |
| All Assets | | 11.64% | 11.57% | 11.64% | 11.56% |
| Index Composite³ | | 11.28% | 11.20% | 11.27% | 11.19% |
| | | | | | |
| | <u>INDEX</u> | <u>GWPORS</u> | <u>MPORS</u> | <u>FURS</u> | <u>VFCA</u> |
| STIP <i>91 day T-Bill</i> | 3.68% | 4.02% | 4.02% | 4.02% | 4.02% |
| Equities ¹ <i>S&P 500</i> | 12.08% | 14.27% | 14.25% | 14.25% | 14.35% |
| Fixed Income <i>LB Aggregate Bond</i> | 3.98% | 5.02% | 5.02% | 5.02% | 5.02% |
| All Assets | | 11.37% | 11.52% | 11.52% | 11.48% |
| Index Composite³ | | 11.00% | 11.15% | 11.15% | 11.09% |

¹ Includes MDEP, MTIP, MPEP, MTRP and Real Estate Investments
² Montana Mortgages
³ An Index Composite paralleling the Fund's Asset Allocation at Market Value

The rates of return are provided by State Street Bank, the custodial bank for the plans.

INVESTMENT SECTION

TOTAL RATES OF RETURN BY ASSET CLASS

Five-Year Period ending June 30, 2007

| Asset Class | <u>INDEX</u> | <u>PERS-DBRP</u> | <u>JRS</u> | <u>HPORS</u> | <u>SRS</u> |
|------------------------------------|--------------|------------------|---------------|---------------|---------------|
| STIP | | 2.93% | 2.93% | 2.93% | 2.93% |
| 91 day T-Bill | 2.67% | | | | |
| Equities ¹ | | 12.43% | 12.41% | 12.41% | 12.41% |
| S&P 500 | 11.14% | | | | |
| Fixed Income | | 6.10% | 6.29% | 6.29% | 6.29% |
| LB Aggregate Bond | 4.48% | | | | |
| Miscellaneous ² | | 5.84% | | | |
| All Assets | | 10.97% | 11.01% | 11.02% | 10.98% |
| Index Composite³ | | 10.40% | 10.31% | 10.32% | 10.28% |

| | <u>INDEX</u> | <u>GWPORS</u> | <u>MPORS</u> | <u>FURS</u> | <u>VFCA</u> |
|------------------------------------|--------------|---------------|---------------|---------------|---------------|
| STIP | | 2.93% | 2.94% | 2.94% | 2.93% |
| 91 day T-Bill | 2.67% | | | | |
| Equities ¹ | | 12.45% | 12.42% | 12.43% | 12.45% |
| S&P 500 | 11.14% | | | | |
| Fixed Income | | 6.29% | 6.29% | 6.29% | 6.29% |
| LB Aggregate Bond | 4.48% | | | | |
| All Assets | | 10.88% | 10.94% | 10.94% | 11.16% |
| Index Composite³ | | 10.20% | 10.23% | 10.23% | 10.46% |

¹ Includes MDEP, MTIP, MPEP, MTRP and Real Estate Investments

² Montana Mortgages

³ An Index Composite paralleling the Fund's Asset Allocation at Market Value

The rates of return are provided by State Street Bank, the custodial bank for the plans.

INVESTMENT SECTION

ASSET ALLOCATION

Correct asset allocation is the main determinant of the BOI's success in meeting long-term investment objectives. The asset mix with the highest probability of achieving the

basic investment objective and the actual asset mix for fiscal year 2007 is listed in the following table for both fixed income investments and equity investments.

FY2007 ASSET ALLOCATION

| | Investment Objective | Actual Investment | | Investment Objective | Actual Investment |
|------------------|-------------------------|----------------------|---------------|-------------------------|----------------------|
| PERS-DBRP | | | GWPORS | | |
| Fixed | 25% to 35% | 27.73% | Fixed | 25% to 35% | 28.50% |
| Equity | 60% to 70% | 70.11% | Equity | 60% to 70% | 69.58% |
| Real Estate | 4% to 8% | 2.16% | Real Estate | 4% to 8% | 1.92% |
| JRS | | | MPORS | | |
| Fixed | 25% to 35% | 28.06% | Fixed | 25% to 35% | 27.50% |
| Equity | 60% to 70% | 69.99% | Equity | 60% to 70% | 70.47% |
| Real Estate | 4% to 8% | 1.95% | Real Estate | 4% to 8% | 2.03% |
| HPORS | | | FURS | | |
| Fixed | 25% to 35% | 27.95% | Fixed | 25% to 35% | 27.68% |
| Equity | 60% to 70% | 70.10% | Equity | 60% to 70% | 70.38% |
| Real Estate | 4% to 8% | 1.95% | Real Estate | 4% to 8% | 1.94% |
| SRS | | | VFCA | | |
| Fixed | 25% to 35% | 28.07% | Fixed | 25% to 35% | 31.78% |
| Equity | 60% to 70% | 70.00% | Equity | 60% to 70% | 66.39% |
| Real Estate | 4% to 8% | 1.93% | Real Estate | 4% to 8% | 1.83% |

INVESTMENT FEES AND COMMISSIONS

Throughout the fiscal year, the investment expense for certain investments (pools, real estate) are netted against the investment earnings. At year end, investment earnings

are "grossed up" to report the investment expense for the external manager, custodial bank fees and the BOI administrative cost. This process was implemented July 1, 1995, in compliance with GASB Statement 25.

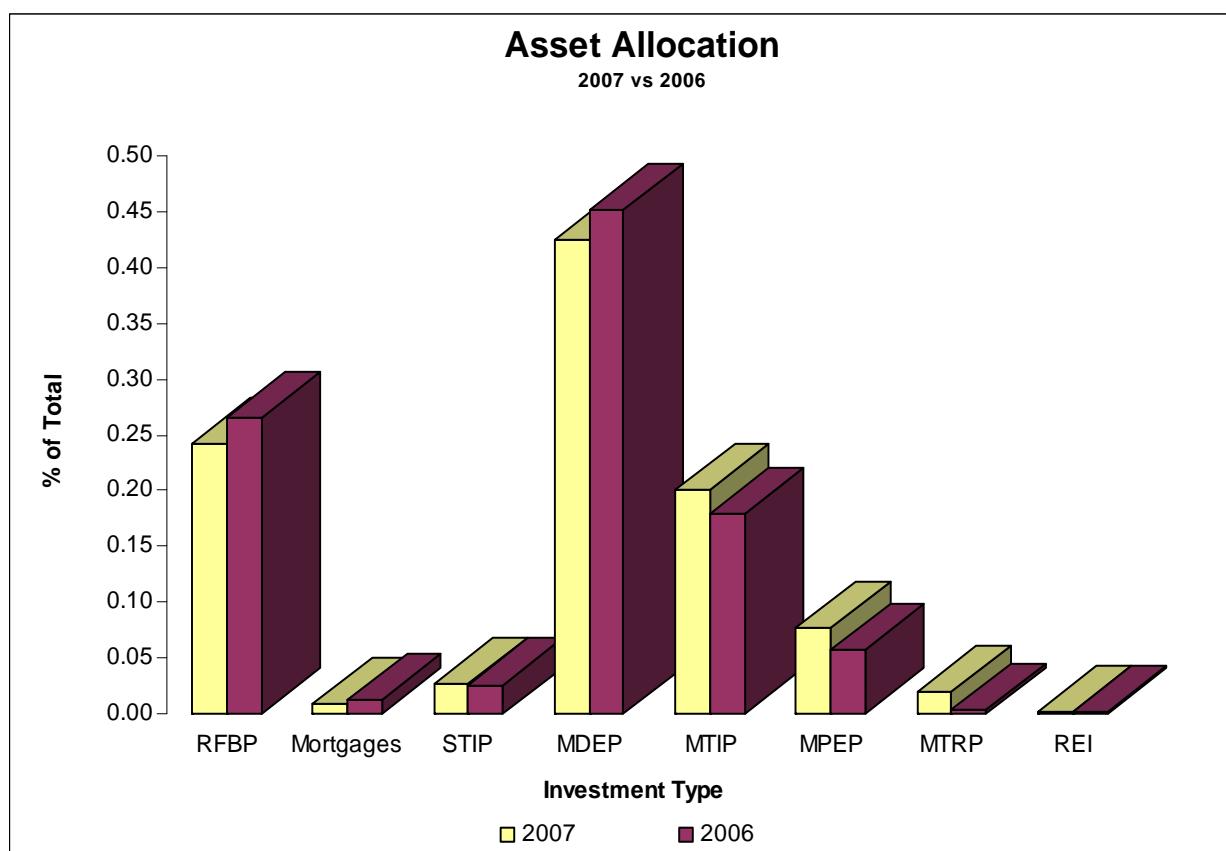
| | Fiscal 2007 Administrative Investment Expense | | | | | | | | AOF Pension Admin | Total |
|---------------|---|------------------|------------------|------------------|----------------|----------------|---------------|---------------|----------------------|-------------------|
| | STIP | MDEP | MPEP | MTIP | MTRP | RFBP | AOF | Real Estate | | |
| PERS | 19,743 | 2,342,557 | 3,679,945 | 3,246,314 | 475,166 | 202,562 | 60,710 | 28,950 | 89,660 | 10,055,947 |
| POLICE | 1,266 | 116,993 | 182,647 | 157,816 | 24,071 | 10,204 | | | | 492,997 |
| GAME WARDENS | 475 | 40,727 | 62,715 | 55,743 | 8,280 | 3,605 | | | | 171,545 |
| SHERIFFS | 1,182 | 111,975 | 172,295 | 150,754 | 22,564 | 9,940 | | | | 468,710 |
| JUDGES | 326 | 35,341 | 55,243 | 48,246 | 7,163 | 3,181 | | | | 149,500 |
| HWY PATROL | 448 | 59,174 | 93,572 | 81,371 | 11,958 | 5,383 | | | | 251,906 |
| VOL FIREMANS | 149 | 15,222 | 23,995 | 21,472 | 3,001 | 1,349 | | | | 65,188 |
| FIREFIGHTERS | 1,111 | 111,418 | 173,625 | 150,139 | 22,255 | 9,820 | | | | 468,368 |
| Totals | 24,700 | 2,833,407 | 4,444,037 | 3,911,855 | 574,458 | 246,044 | 60,710 | 28,950 | 89,660 | 12,124,161 |

INVESTMENT SECTION

PERS-DBRP

Asset Mix (fair value) as of June 30, 2007 and 2006 (in thousands)

| Investment Type | 2007 Fair Value | % of Total | 2006 Fair Value | % of Total | Dollar Change | % Change |
|-------------------------------------|---------------------|----------------|---------------------|----------------|-------------------|----------------|
| Fixed Income: | | | | | | |
| Retirement Funds Bond Pool (RFBP) | \$ 987,821 | 24.14% | \$ 932,048 | 26.55% | \$ 55,773 | 5.98% |
| Montana Mortgages | 36,861 | 0.90% | 43,097 | 1.23% | (6,236) | -14.47% |
| STIP | 109,910 | 2.69% | 91,182 | 2.60% | 18,728 | 20.54% |
| <i>Total Fixed Income</i> | <i>\$ 1,134,592</i> | <i>27.73%</i> | <i>\$ 1,066,327</i> | <i>30.38%</i> | <i>\$ 68,265</i> | <i>6.40%</i> |
| Equities: | | | | | | |
| Montana Domestic Equity Pool (MDEP) | \$ 1,735,718 | 42.41% | \$ 1,586,747 | 45.20% | \$ 148,971 | 9.39% |
| Montana International Pool (MTIP) | 818,362 | 20.00% | 630,135 | 17.95% | 188,227 | 29.87% |
| Montana Private Equity Pool (MPEP) | 315,059 | 7.70% | 203,406 | 5.79% | 111,653 | 54.89% |
| <i>Total Equities</i> | <i>\$ 2,869,139</i> | <i>70.11%</i> | <i>\$ 2,420,288</i> | <i>68.94%</i> | <i>\$ 448,851</i> | |
| Alternative Investments: | | | | | | |
| Montana Real Estate Pool (MTRP) | \$ 79,459 | 1.94% | \$ 15,200 | 0.43% | \$ 64,259 | 422.76% |
| Real Estate Investments (REI) | 8,816 | 0.22% | 8,636 | 0.25% | 180 | 2.08% |
| <i>Total Real Estate</i> | <i>\$ 88,275</i> | <i>2.16%</i> | <i>\$ 23,836</i> | <i>0.68%</i> | <i>\$ 64,439</i> | <i>270.34%</i> |
| Total | \$ 4,092,006 | 100.00% | \$ 3,510,451 | 100.00% | \$ 581,555 | 16.57% |

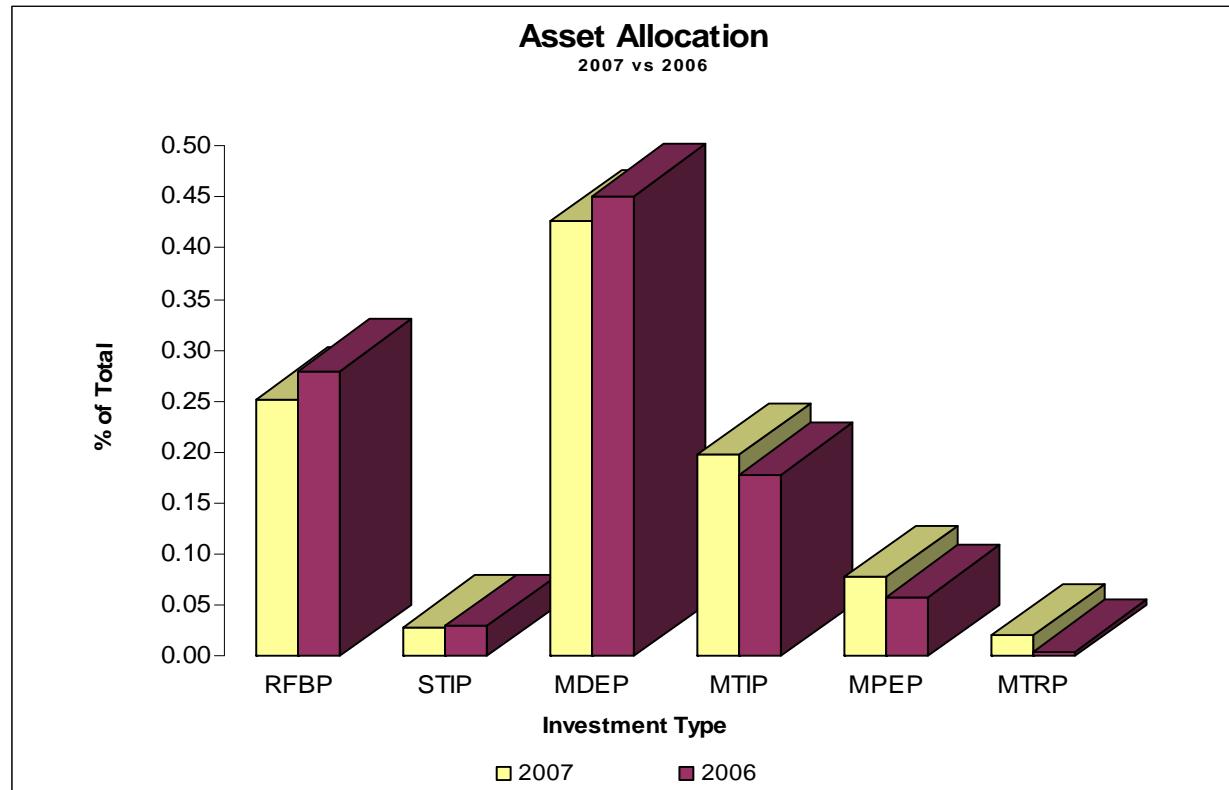


INVESTMENT SECTION

JRS

Asset Mix (fair value)
as of June 30, 2007 and 2006
 (in thousands)

| Investment Type | 2007 Fair Value | % of Total | 2006 Fair Value | % of Total | Dollar Change | % Change |
|-------------------------------------|--------------------|----------------|--------------------|----------------|------------------|----------------|
| Fixed Income: | | | | | | |
| Retirement Funds Bond Pool (RFBP) | \$ 15,576 | 25.20% | \$ 14,685 | 27.93% | \$ 891 | 6.07% |
| STIP | 1,770 | 2.86% | 1,519 | 2.89% | 251 | 16.52% |
| <i>Total Fixed Income</i> | <i>\$ 17,346</i> | <i>28.06%</i> | <i>\$ 16,204</i> | <i>30.82%</i> | <i>\$ 1,142</i> | <i>7.05%</i> |
| Equities: | | | | | | |
| Montana Domestic Equity Pool (MDEP) | \$ 26,348 | 42.63% | \$ 23,744 | 45.15% | \$ 2,604 | 10.97% |
| Montana International Pool (MTIP) | 12,162 | 19.68% | 9,365 | 17.81% | 2,797 | 29.87% |
| Montana Private Equity Pool (MPEP) | 4,744 | 7.68% | 3,047 | 5.79% | 1,697 | 55.69% |
| | \$ 43,254 | 69.99% | \$ 36,156 | 68.75% | \$ 7,098 | 19.63% |
| Alternative Investments: | | | | | | |
| Montana Real Estate Pool (MTRP) | \$ 1,206 | 1.95% | \$ 225 | 0.43% | \$ 981 | 436.00% |
| <i>Total Real Estate</i> | <i>\$ 1,206</i> | <i>1.95%</i> | <i>\$ 225</i> | <i>0.43%</i> | <i>\$ 981</i> | <i>436.00%</i> |
| Total | \$ 61,806 | 100.00% | \$ 52,585 | 100.00% | \$ 9,221 | 17.54% |

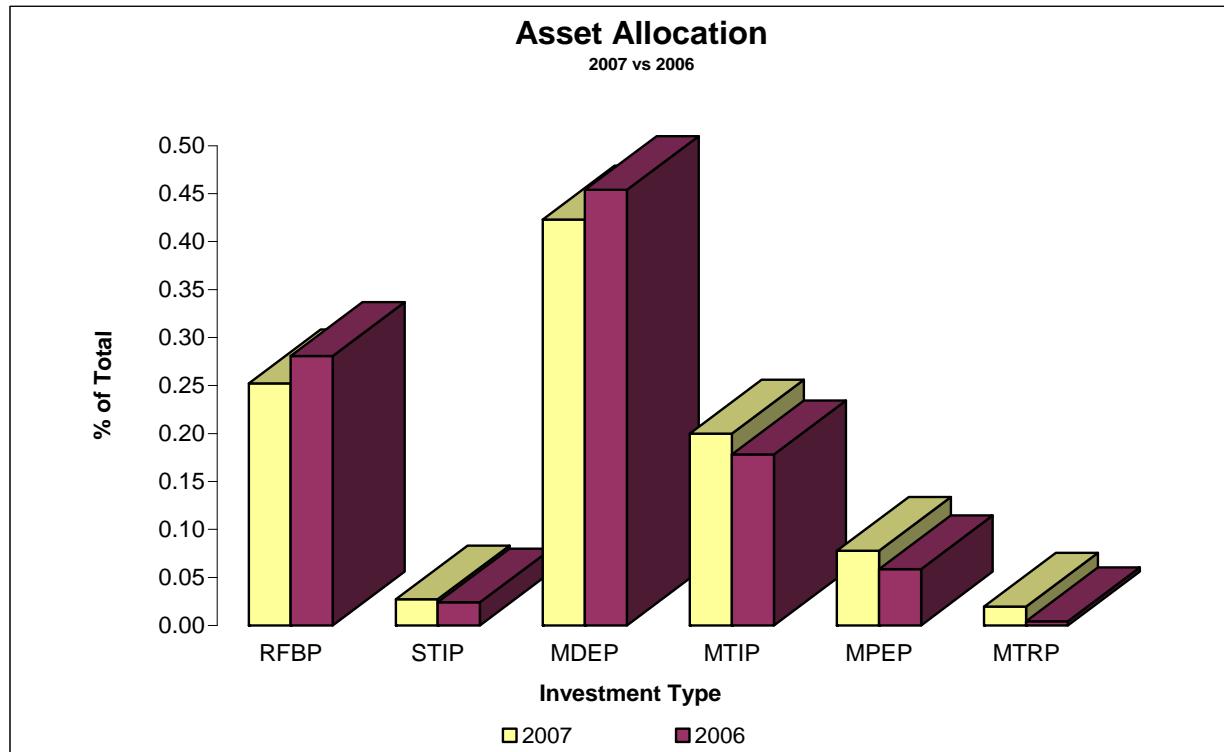


INVESTMENT SECTION

HPORS

Asset Mix (fair value) as of June 30, 2007 and 2006 (in thousands)

| Investment Type | 2007 Fair Value | % of Total | 2006 Fair Value | % of Total | Dollar Change | % Change |
|-------------------------------------|--------------------|----------------|--------------------|----------------|------------------|----------------|
| Fixed Income: | | | | | | |
| Retirement Funds Bond Pool (RFBP) | \$ 25,897 | 25.24% | \$ 24,889 | 28.09% | \$ 1,008 | 4.05% |
| STIP | 2,785 | 2.71% | 2,134 | 2.41% | 651 | 30.51% |
| <i>Total Fixed Income</i> | <i>\$ 28,682</i> | <i>27.95%</i> | <i>\$ 27,023</i> | <i>30.50%</i> | <i>\$ 1,659</i> | <i>6.14%</i> |
| Equities: | | | | | | |
| Montana Domestic Equity Pool (MDEP) | \$ 43,439 | 42.32% | \$ 40,232 | 45.39% | \$ 3,207 | 7.97% |
| Montana International Pool (MTIP) | 20,513 | 19.99% | 15,795 | 17.83% | 4,718 | 29.87% |
| Montana Private Equity Pool (MPEP) | 7,979 | 7.79% | 5,178 | 5.85% | 2,801 | 54.09% |
| <i>Total Equities</i> | <i>\$ 71,931</i> | <i>70.10%</i> | <i>\$ 61,205</i> | <i>69.07%</i> | <i>\$ 10,726</i> | <i>17.52%</i> |
| Alternative Investments: | | | | | | |
| Montana Real Estate Pool (MTRP) | \$ 2,005 | 1.95% | \$ 380 | 0.43% | \$ 1,625 | 427.63% |
| <i>Total Real Estate</i> | <i>\$ 2,005</i> | <i>1.95%</i> | <i>\$ 380</i> | <i>0.43%</i> | <i>\$ 1,625</i> | <i>427.63%</i> |
| Total | \$ 102,618 | 100.00% | \$ 88,608 | 100.00% | \$ 14,010 | 15.81% |

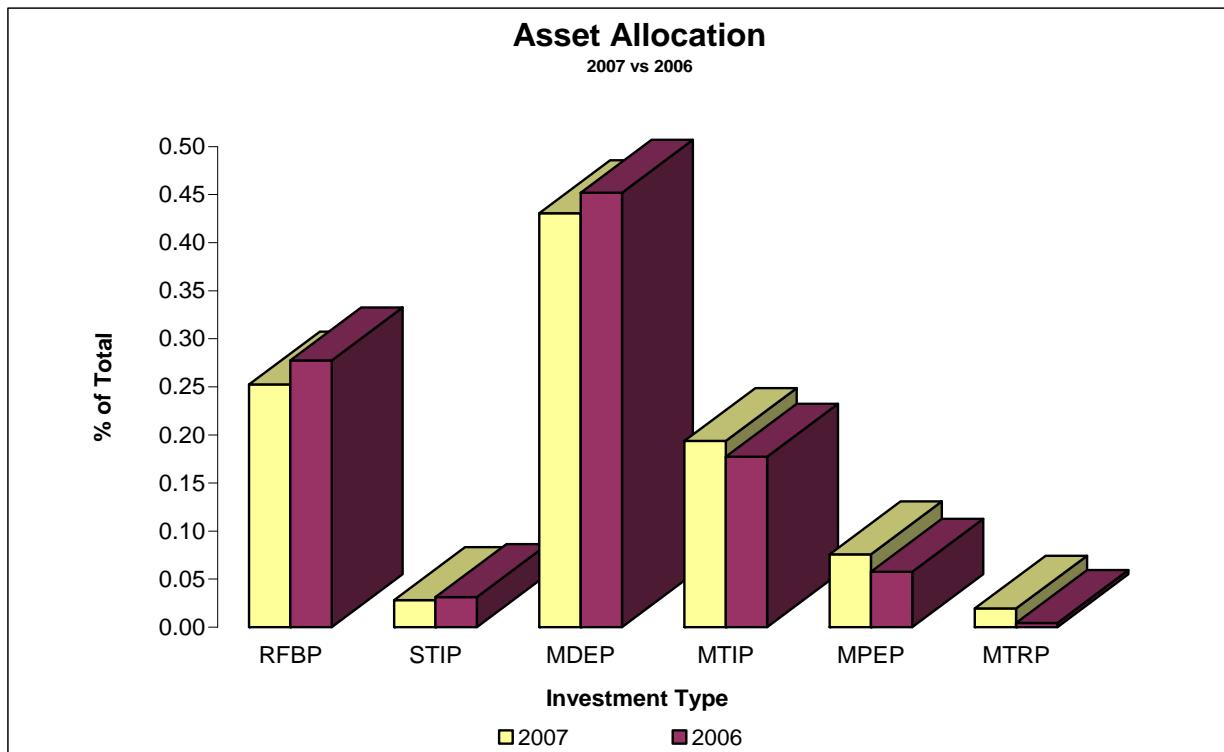


INVESTMENT SECTION

SRS

Asset Mix (fair value) as of June 30, 2007 and 2006 (in thousands)

| Investment Type | 2007 Fair Value | % of Total | 2006 Fair Value | % of Total | Dollar Change | % Change |
|-------------------------------------|--------------------|----------------|--------------------|----------------|------------------|----------------|
| Fixed Income: | | | | | | |
| Retirement Funds Bond Pool (RFBP) | \$ 49,551 | 25.25% | \$ 45,822 | 27.75% | \$ 3,729 | 8.14% |
| STIP | 5,526 | 2.82% | 5,182 | 3.14% | 344 | 6.64% |
| <i>Total Fixed Income</i> | <i>\$ 55,077</i> | <i>28.07%</i> | <i>\$ 51,004</i> | <i>30.89%</i> | <i>\$ 4,073</i> | <i>7.99%</i> |
| Equities: | | | | | | |
| Montana Domestic Equity Pool (MDEP) | \$ 84,481 | 43.06% | \$ 74,633 | 45.20% | \$ 9,848 | 13.20% |
| Montana International Pool (MTIP) | 38,003 | 19.37% | 29,263 | 17.72% | 8,740 | 29.87% |
| Montana Private Equity Pool (MPEP) | 14,859 | 7.57% | 9,508 | 5.76% | 5,351 | 56.28% |
| <i>Total Equities</i> | <i>\$ 137,343</i> | <i>70.00%</i> | <i>\$ 113,404</i> | <i>68.68%</i> | <i>\$ 23,939</i> | <i>21.11%</i> |
| Alternative Investments: | | | | | | |
| Montana Real Estate Pool (MTRP) | \$ 3,796 | 1.93% | \$ 710 | 0.43% | \$ 3,086 | 434.65% |
| <i>Total Real Estate</i> | <i>\$ 3,796</i> | <i>1.93%</i> | <i>\$ 710</i> | <i>0.43%</i> | <i>\$ 3,086</i> | <i>434.65%</i> |
| Total | \$ 196,216 | 100.00% | \$ 165,118 | 100.00% | \$ 31,098 | 18.83% |

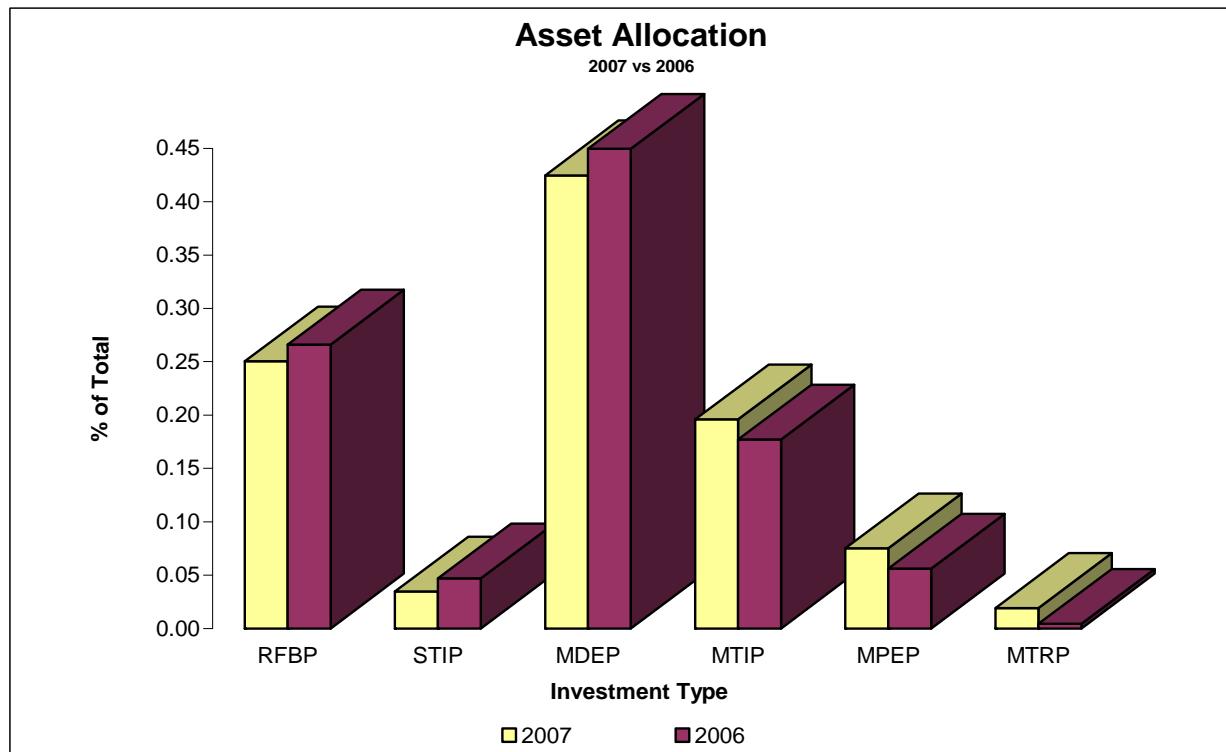


INVESTMENT SECTION

GWPORS

Asset Mix (fair value) as of June 30, 2007 and 2006 (in thousands)

| Investment Type | 2007 Fair Value | % of Total | 2006 Fair Value | % of Total | Dollar Change | % Change |
|-------------------------------------|--------------------|----------------|--------------------|----------------|------------------|----------------|
| Fixed Income: | | | | | | |
| Retirement Funds Bond Pool (RFBP) | \$ 18,331 | 25.04% | \$ 15,806 | 26.61% | \$ 2,525 | 15.97% |
| STIP | 2,536 | 3.46% | 2,782 | 4.68% | (246) | -8.84% |
| <i>Total Fixed Income</i> | <i>\$ 20,867</i> | <i>28.50%</i> | <i>\$ 18,588</i> | <i>31.29%</i> | <i>\$ 2,279</i> | <i>12.26%</i> |
| Equities: | | | | | | |
| Montana Domestic Equity Pool (MDEP) | \$ 31,082 | 42.47% | \$ 26,705 | 44.96% | \$ 4,377 | 16.39% |
| Montana International Pool (MTIP) | 14,344 | 19.60% | 10,518 | 17.71% | 3,826 | 36.38% |
| Montana Private Equity Pool (MPEP) | 5,497 | 7.51% | 3,330 | 5.61% | 2,167 | 65.08% |
| <i>Total Equities</i> | <i>\$ 50,923</i> | <i>69.58%</i> | <i>\$ 40,553</i> | <i>68.28%</i> | <i>\$ 10,370</i> | <i>25.57%</i> |
| Alternative Investments: | | | | | | |
| Montana Real Estate Pool (MTRP) | \$ 1,404 | 1.92% | \$ 255 | 0.43% | \$ 1,149 | 450.59% |
| <i>Total Real Estate</i> | <i>\$ 1,404</i> | <i>1.92%</i> | <i>\$ 255</i> | <i>0.43%</i> | <i>\$ 1,149</i> | <i>450.59%</i> |
| Total | \$ 73,194 | 100.00% | \$ 59,396 | 100.00% | \$ 13,798 | 23.23% |

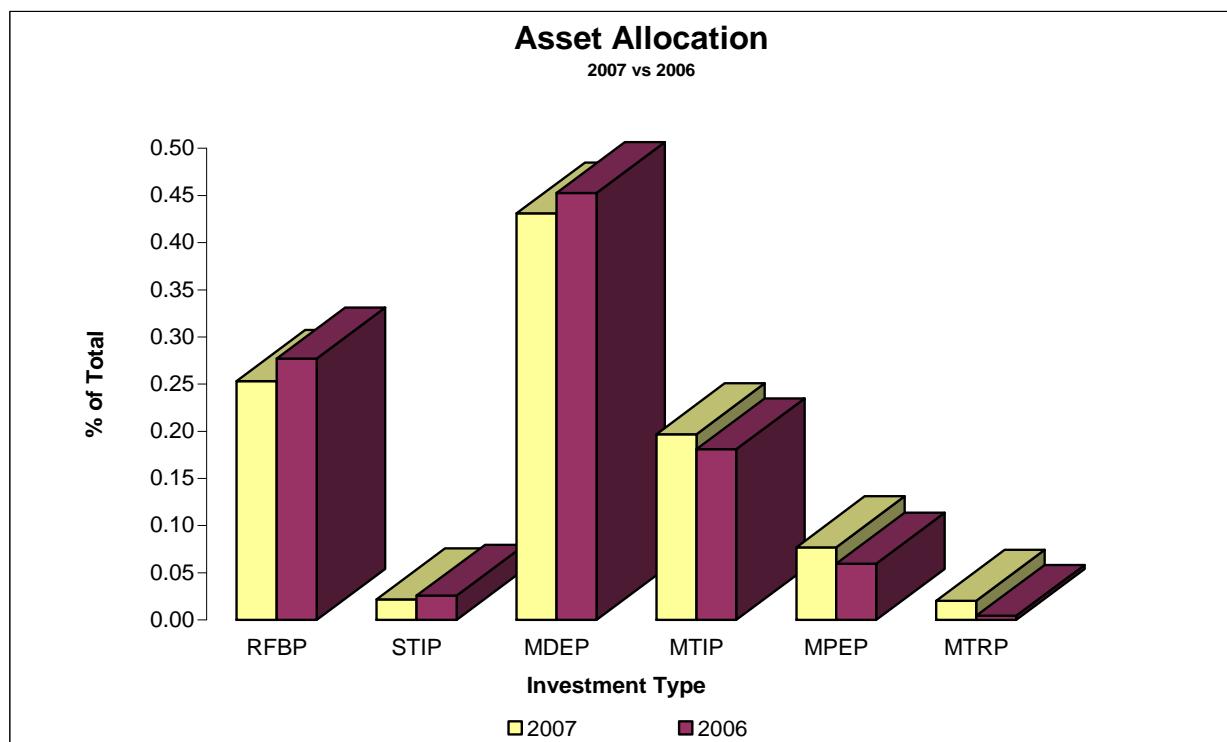


INVESTMENT SECTION

MPORS

Asset Mix (fair value)
as of June 30, 2007 and 2006
 (in thousands)

| Investment Type | 2007 Fair Value | % of Total | 2006 Fair Value | % of Total | Dollar Change | % Change |
|-------------------------------------|--------------------|----------------|--------------------|----------------|------------------|----------------|
| Fixed Income: | | | | | | |
| Retirement Funds Bond Pool (RFBP) | \$ 51,176 | 25.32% | \$ 46,944 | 27.71% | \$ 4,232 | 9.01% |
| STIP | 4,404 | 2.18% | 4,338 | 2.56% | 66 | 1.52% |
| <i>Total Fixed Income</i> | <i>\$ 55,580</i> | <i>27.50%</i> | <i>\$ 51,282</i> | <i>30.27%</i> | <i>\$ 4,298</i> | <i>8.38%</i> |
| Equities: | | | | | | |
| Montana Domestic Equity Pool (MDEP) | \$ 87,099 | 43.10% | \$ 76,683 | 45.26% | \$ 10,416 | 13.58% |
| Montana International Pool (MTIP) | 39,784 | 19.68% | 30,633 | 18.08% | 9,151 | 29.87% |
| Montana Private Equity Pool (MPEP) | 15,547 | 7.69% | 10,089 | 5.96% | 5,458 | 54.10% |
| <i>Total Equities</i> | <i>\$ 142,430</i> | <i>70.47%</i> | <i>\$ 117,405</i> | <i>69.30%</i> | <i>\$ 25,025</i> | <i>21.32%</i> |
| Alternative Investments: | | | | | | |
| Montana Real Estate Pool (MTRP) | \$ 4,102 | 2.03% | \$ 730 | 0.43% | \$ 3,372 | 461.92% |
| <i>Total Real Estate</i> | <i>\$ 4,102</i> | <i>2.03%</i> | <i>\$ 730</i> | <i>0.43%</i> | <i>\$ 3,372</i> | <i>461.92%</i> |
| Total | \$ 202,112 | 100.00% | \$ 169,417 | 100.00% | \$ 32,695 | 19.30% |

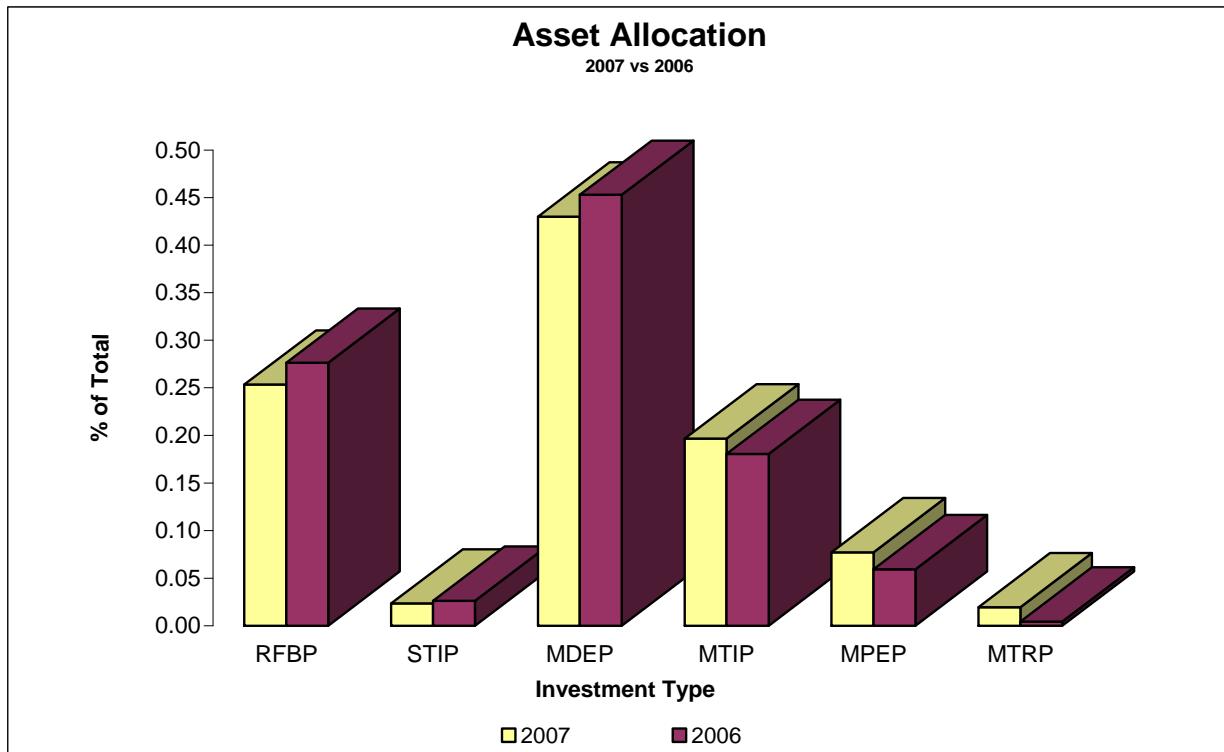


INVESTMENT SECTION

FURS

Asset Mix (fair value) as of June 30, 2007 and 2006 (in thousands)

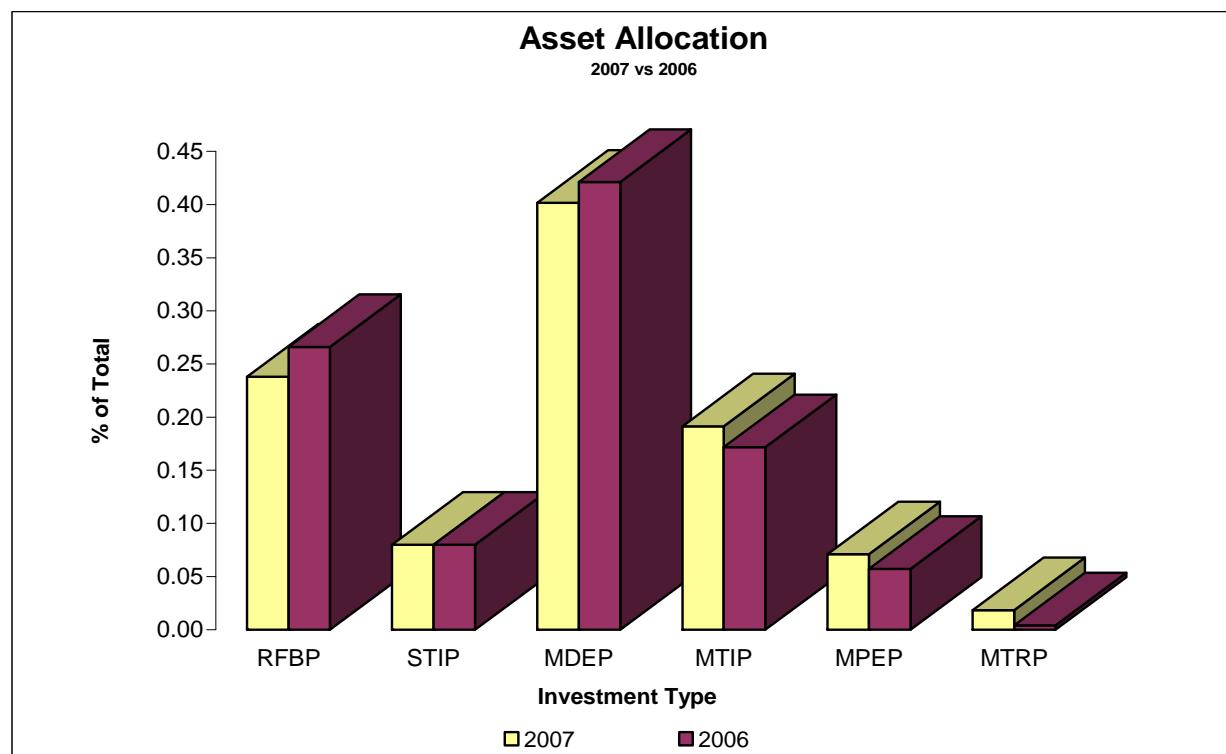
| Investment Type | 2007 Fair Value | % of Total | 2006 Fair Value | % of Total | Dollar Change | % Change |
|-------------------------------------|--------------------|----------------|--------------------|----------------|------------------|----------------|
| Fixed Income: | | | | | | |
| Retirement Funds Bond Pool (RFBP) | \$ 48,813 | 25.35% | \$ 44,650 | 27.64% | \$ 4,163 | 9.32% |
| STIP | 4,488 | 2.33% | 4,241 | 2.63% | 247 | 5.82% |
| <i>Total Fixed Income</i> | <i>\$ 53,301</i> | <i>27.68%</i> | <i>\$ 48,891</i> | <i>30.27%</i> | <i>\$ 4,410</i> | <i>9.02%</i> |
| Equities: | | | | | | |
| Montana Domestic Equity Pool (MDEP) | \$ 82,766 | 43.00% | \$ 73,144 | 45.30% | \$ 9,622 | 13.15% |
| Montana International Pool (MTIP) | 37,848 | 19.67% | 29,143 | 18.06% | 8,705 | 29.87% |
| Montana Private Equity Pool (MPEP) | 14,850 | 7.71% | 9,587 | 5.94% | 5,263 | 54.90% |
| <i>Total Equities</i> | <i>\$ 135,464</i> | <i>70.38%</i> | <i>\$ 111,874</i> | <i>69.30%</i> | <i>\$ 23,590</i> | <i>21.09%</i> |
| Alternative Investments: | | | | | | |
| Montana Real Estate Pool (MTRP) | \$ 3,744 | 1.94% | \$ 700 | 0.43% | \$ 3,044 | 100.00% |
| <i>Total Real Estate</i> | <i>\$ 3,744</i> | <i>1.94%</i> | <i>\$ 700</i> | <i>0.43%</i> | <i>\$ 3,044</i> | <i>434.86%</i> |
| Total | \$ 192,509 | 100.00% | \$ 161,465 | 100.00% | \$ 31,044 | 19.23% |



VFCA

Asset Mix (fair value) as of June 30, 2007 and 2006 (in thousands)

| Investment Type | 2007 Fair Value | % of Total | 2006 Fair Value | % of Total | Dollar Change | % Change |
|-------------------------------------|--------------------|----------------|--------------------|----------------|------------------|----------------|
| Fixed Income: | | | | | | |
| Retirement Funds Bond Pool (RFBP) | \$ 6,542 | 23.80% | \$ 6,233 | 26.60% | \$ 309 | 4.96% |
| STIP | 2,194 | 7.98% | 1,870 | 7.98% | 324 | 17.33% |
| <i>Total Fixed Income</i> | <i>\$ 8,736</i> | <i>31.78%</i> | <i>\$ 8,103</i> | <i>34.58%</i> | <i>\$ 633</i> | <i>7.81%</i> |
| Equities: | | | | | | |
| Montana Domestic Equity Pool (MDEP) | \$ 11,043 | 40.17% | \$ 9,872 | 42.13% | \$ 1,171 | 11.86% |
| Montana International Pool (MTIP) | 5,258 | 19.12% | 4,023 | 17.16% | 1,235 | 30.70% |
| Montana Private Equity Pool (MPEP) | 1,951 | 7.10% | 1,341 | 5.72% | 610 | 45.49% |
| <i>Total Equities</i> | <i>\$ 18,252</i> | <i>66.39%</i> | <i>\$ 15,236</i> | <i>65.01%</i> | <i>\$ 3,016</i> | <i>19.80%</i> |
| Alternative Investments: | | | | | | |
| Montana Real Estate Pool (MTRP) | \$ 504 | 1.83% | \$ 95 | 0.41% | \$ 409 | 430.53% |
| <i>Total Real Estate</i> | <i>\$ 504</i> | <i>1.83%</i> | <i>\$ 95</i> | <i>0.41%</i> | <i>\$ 409</i> | <i>430.53%</i> |
| Total | \$ 27,492 | 100.00% | \$ 23,434 | 100.00% | \$ 4,058 | 17.32% |



INVESTMENT SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Largest Holdings (by portfolio fair value) as of June 30, 2007

A complete list of the portfolio holdings can be obtained by contacting the Montana Board of Investments. The information below is PERB's presentation of the largest holdings.

| Shares/Par | Mortgages Portfolio | Fair Value |
|-------------------|------------------------------------|-------------------|
| 226,767,173 | Montana Permanent Coal Trust Loans | \$ 226,767,173 |
| 68,837,530 | Montana Residential Mortgages | 68,260,568 |

PERS' 37,172,266 shares represent 12.6% of the total Mortgages portfolio at market.

| Shares/Par | MDEP Portfolio | Fair Value |
|-------------------|-------------------------|-------------------|
| 614,400 | Exxon Mobil Corp | \$ 51,535,872 |
| 1,331,800 | General Electric Co | 50,981,304 |
| 210,000 | SPDR Trust | 31,590,300 |
| 592,800 | Citigroup Inc | 30,404,712 |
| 1,012,100 | Microsoft Corp | 29,826,587 |
| 418,900 | Johnson+Johnson | 25,812,618 |
| 358,500 | American Intl Group Inc | 25,105,755 |
| 395,700 | Procter and Gamble Co | 24,212,883 |
| 549,289 | AT+T Inc | 22,795,494 |
| 426,100 | Bank America Corp | 20,832,029 |

PERS' 10,592,073 shares represent 50.06% of the total MDEP portfolio at market.

JRS' 160,784 shares represent 0.76% of the total MDEP portfolio at market.

HPORS' 265,085 shares represent 1.25% of the total MDEP portfolio at market.

SRS' 515,539 shares represent 2.44% of the total MDEP portfolio at market.

GWPORS' 189,677 shares represent 0.90% of the total MDEP portfolio at market.

MPORS' 531,511 shares represent 2.51% of the total MDEP portfolio at market.

FURS' 505,072 shares represent 2.39% of the total MDEP portfolio at market.

VFCA's 67,388 shares represent 0.32% of the total MDEP portfolio at market.

INVESTMENT SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Largest Holdings (by portfolio fair value)

as of June 30, 2007

| Shares/Par | RFBP Portfolio | Fair Value |
|-------------------|---------------------------------|-------------------|
| 150,000,000 | Federal Home Loan Mortgage Corp | \$ 35,263,500 |
| 35,000,000 | Freddie Mac | 34,097,035 |
| 30,000,000 | DOT Headquarters II Lease Mtg | 30,093,600 |
| 29,361,364 | FNMA Pool 256600 | 28,597,354 |
| 28,906,182 | Federal Home Loan Pool G11812 | 27,957,092 |
| 25,000,000 | Aria CDO | 27,087,500 |
| 26,781,498 | Federal Home Loan Pool G02070 | 25,890,494 |
| 25,000,000 | Cypressstreet Synthetic CDO | 25,722,500 |
| 25,000,000 | Bishopsgate CDO LTD | 24,542,500 |
| 24,568,943 | FNMA Pool 745250 | 23,760,758 |

PERS' 983,177,607 shares represent 50.28% of the total RFBP portfolio at market.

JRS' 15,503,122 shares represent 0.79% of the total RFBP portfolio at market.

HPORS' 25,775,679 shares represent 1.32% of the total RFBP portfolio market.

SRS' 49,317,820 shares represent 2.52% of the total RFBP portfolio at market.

GWPORS' 18,245,346 shares represent 0.93% of the total RFBP portfolio at market.

MPORS' 50,934,981 shares represent 2.60% of the total RFBP portfolio at market.

FURS' 48,580,562 shares represent 2.48% of the total RFBP portfolio market.

VFCA's 6,511,424 shares represent 0.33% of the total RFBP portfolio market.

| Shares/Par | MTIP Portfolio - Currency | Fair Value |
|-------------------|----------------------------------|-------------------|
| 23,715,506 | US Dollars (Commingled Accounts) | \$ 529,923,232 |
| 11,022,588 | Japanese Yen | 189,819,142 |
| 12,363,165 | UK British Pound | 141,522,336 |
| 1,642,937 | French Franc | 100,730,411 |
| 970,659 | German Mark | 84,083,860 |
| 745,067 | Swiss Franc | 61,902,461 |
| 5,483,700 | Australian Dollar | 50,915,926 |
| 1,323,197 | Netherlands Antilles Guilder | 45,873,044 |
| 1,665,541 | US Dollars (ADR) | 42,010,883 |
| 2,946,823 | Italian Lira | 37,031,582 |

PERS' 4,152,606 shares represent 50.76% of the total MTIP portfolio at market.

JRS' 61,715 shares represent 0.75% of the total MTIP portfolio at market.

HPORS' 104,087 shares represent 1.27% of the total MTIP portfolio at market.

SRS' 192,841 shares represent 2.36% of the total MTIP portfolio at market.

GWPORS' 72,786 shares represent 0.89% of the total MTIP portfolio at market.

MPORS' 201,874 shares represent 2.47% of the total MTIP portfolio at market.

FURS' 192,054 shares represent 2.35% of the total MTIP portfolio at market.

VFCA's 26,682 shares represent 0.33% of the total MTIP portfolio at market.

INVESTMENT SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Largest Holdings (by portfolio fair value)

as of June 30, 2007

| Shares/Par | MPEP Portfolio | Fair Value |
|-------------------|--------------------------------------|-------------------|
| 66,136,880 | Brinson Trust | \$ 78,872,396 |
| 45,734,366 | Adams Street Partnership Fund | 52,525,279 |
| 234,163 | State Street SPIFF | 47,382,427 |
| 35,513,712 | Adams Street Fund V | 35,307,981 |
| 8,220,001 | Lexington Capital Partners VLP | 29,557,455 |
| 27,873,868 | KKR 1996 | 27,035,784 |
| 13,396,667 | KKR European Fund | 26,373,215 |
| 19,939,133 | Carlyle Partners IV, LP | 23,543,849 |
| 14,483,099 | Madison Dearborn Capital Partners IV | 23,029,039 |
| 10,830,856 | WCAS IX | 19,629,453 |

PERS' 1,891,382 shares represent 50.66% of the total MPEP portfolio at market.

JRS' 28,480 shares represent 0.76% of the total MPEP portfolio at market.

HPORS' 47,902 shares represent 1.28% of the total MPEP portfolio at market.

SRS' 89,200 shares represent 2.39% of the total MPEP portfolio at market.

GWPORS' 33,001 shares represent 0.88% of the total MPEP portfolio at market.

MPORS' 93,335 shares represent 2.50% of the total MPEP portfolio at market.

FURS' 89,147 shares represent 2.39% of the total MPEP portfolio at market.

VFCA's 11,712 shares represent 0.31% of the total MPEP portfolio at market.

| Shares/Par | MTRP Portfolio | Fair Value |
|-------------------|---|-------------------|
| 30,000 | JP Morgan Chase Bank Strategic Properties | \$ 52,322,354 |
| 22,029 | Clarion Lion Properties Fund | 30,918,179 |
| 8,000,000 | ABR Chesapeake Fund III | 8,000,000 |
| 6,750,000 | Hudson Realty Capital Fund IV | 6,715,305 |
| 5,000,000 | TA Associates Realty Fund VIII | 5,000,000 |
| 4,846,159 | Strategic Partners Value Enhancement Fund | 4,634,891 |
| 1,210 | Apollo Real Estate Finance Corp | 1,102,749 |

PERS' 779,877 shares represent 50.04% of the total MPEP portfolio at market.

JRS' 11,834 shares represent 0.76% of the total MPEP portfolio at market.

HPORS' 19,674 shares represent 1.26% of the total MPEP portfolio at market.

SRS' 37,257 shares represent 2.39% of the total MPEP portfolio at market.

GWPORS' 13,777 shares represent 0.88% of the total MPEP portfolio at market.

MPORS' 40,265 shares represent 2.58% of the total MPEP portfolio at market.

FURS' 36,751 shares represent 2.36% of the total MPEP portfolio at market.

VFCA's 4,945 shares represent 0.32% of the total MPEP portfolio at market.

INVESTMENT SECTION

This page intentionally left blank

INVESTMENT SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Investment Summary

as of June 30, 2007

(in thousands)

| Type of Investment | PERS-DBRP | | JRS | | HPORS | |
|--------------------------------|---------------------|----------------|------------------|----------------|-------------------|----------------|
| | Fair Value | % of Total | Fair Value | % of Total | Fair Value | % of Total |
| <i>Fixed Income</i> | | | | | | |
| Retirement Funds Bond Pool | \$ 987,821 | 24.14% | \$ 15,576 | 25.20% | \$ 25,897 | 25.24% |
| <i>Equities</i> | | | | | | |
| Montana Domestic Equity Pool | 1,735,718 | 42.41% | 26,348 | 42.63% | 43,439 | 42.32% |
| Montana International Pool | 818,362 | 20.00% | 12,162 | 19.68% | 20,513 | 19.99% |
| Montana Private Equity Pool | 315,059 | 7.70% | 4,744 | 7.68% | 7,979 | 7.79% |
| <i>Alternative Investments</i> | | | | | | |
| Real Estate Investments | 8,816 | 0.22% | N/A | | N/A | |
| Montana Real Estate Pool | 79,459 | 1.94% | 1,206 | 1.95% | 2,005 | 1.95% |
| Mortgages | 36,861 | 0.90% | N/A | | N/A | |
| <i>Short Term Investments</i> | | | | | | |
| Short Term Investment Pool | 109,910 | 2.69% | 1,770 | 2.86% | 2,785 | 2.71% |
| Total | \$ 4,092,006 | 100.00% | \$ 61,806 | 100.00% | \$ 102,618 | 100.00% |

INVESTMENT SECTION

| SRS | | GWPORS | | MPORS | | FURS | | VFCA | |
|-------------------|----------------|------------------|----------------|-------------------|----------------|-------------------|----------------|------------------|----------------|
| Fair Value | % of Total | Fair Value | % of Total | Fair Value | % of Total | Fair Value | % of Total | Fair Value | % of Total |
| \$ 49,551 | 25.25% | \$ 18,331 | 25.04% | \$ 51,176 | 25.32% | \$ 48,813 | 25.35% | \$ 6,542 | 23.80% |
| 84,481 | 43.06% | 31,082 | 42.47% | 87,099 | 43.10% | 82,766 | 43.00% | 11,043 | 40.17% |
| 38,003 | 19.37% | 14,344 | 19.60% | 39,784 | 19.68% | 37,848 | 19.67% | 5,258 | 19.12% |
| 14,859 | 7.57% | 5,497 | 7.51% | 15,547 | 7.69% | 14,850 | 7.71% | 1,951 | 7.10% |
| N/A | | N/A | | N/A | | N/A | | N/A | |
| 3,796 | 1.93% | 1,404 | 1.92% | 4,102 | 2.03% | 3,744 | 1.94% | 504 | 1.83% |
| N/A | | N/A | | N/A | | N/A | | N/A | |
| 5,526 | 2.82% | 2,536 | 3.46% | 4,404 | 2.18% | 4,488 | 2.33% | 2,194 | 7.98% |
| \$ 196,216 | 100.00% | \$ 73,194 | 100.00% | \$ 202,112 | 100.00% | \$ 192,509 | 100.00% | \$ 27,492 | 100.00% |

INVESTMENT SECTION

This page intentionally left blank



November 30, 2007

Public Employees' Retirement Board
State of Montana

Dear Members of the Board:

Actuarial valuations are normally performed every two years, as of June 30 of each even-numbered year. House Bill 771 effective June 1, 2007 and passed during the 2007 Legislative session, requires valuations be performed annually. We have completed the actuarial valuations as of June 30, 2007 for the following retirement systems:

- Public Employees' Retirement System – Defined Benefit Retirement Plan
- Municipal Police Officers' Retirement System
- Game Wardens' and Peace Officers' Retirement System
- Sheriffs' Retirement System
- Judges' Retirement System
- Highway Patrol Officers' Retirement System
- Firefighters' Unified Retirement System
- Volunteer Firefighters' Compensation Act

The member, employer, and state contributions are set forth in statute. Our findings indicate the projected income stream from the expected contributions will be sufficient to pay the Normal Costs and amortize the Unfunded Actuarial Liability as a level percentage of future payroll, for the following systems. The amortization periods are shown below.

| | |
|---|------------|
| - Public Employees' Retirement System - DBRP | 21.9 years |
| - Municipal Police Officers' Retirement System | 20.5 years |
| - Game Wardens' and Peace Officers' Retirement System | 11.3 years |
| - Sheriffs' Retirement System | 19.6 years |
| - Highway Patrol Officers' Retirement System | 19.1 years |
| - Firefighters' Unified Retirement System | 12.9 years |

Based on the assumed level of future revenue, the Unfunded Actuarial Liability for the Volunteer Firefighters' Compensation Act is expected to be amortized over less than 20 years. The Judges' Retirement System had an Actuarial Surplus as of June 30, 2007.

The general improvement in the funded status for each system is primarily due to investment returns for plan years ended June 30, 2006 and 2007 being greater than the long-term actuarial assumption of 8% per year.

In preparing the 2007 valuations, we relied upon the financial and membership data furnished by the Public Employees' Retirement Administration. Although we did not audit this data, we compared the data for this and the prior valuation and tested for reasonableness. Based on these tests, we believe the data to be sufficiently accurate for the purposes of our calculations. It should be noted that if any data or other information is inaccurate or incomplete, our calculations might need to be revised.



Information presented in this Actuarial Section as of June 30, 2007, including the following supporting tables, is based on information found in our actuarial valuation reports:

Summary of Actuarial Assumptions and Methods
Schedule of Active Member Composition
Solvency Test
Summary of Actuarial (Gain) or Loss by Source
Summary of Defined Benefit Plan Provisions

In addition, data for the fiscal year ending June 30, 2007, contained in the Schedule of Funding Progress in the Financial Section, are based on information in our valuation reports.

The Retirement Board has sole authority to determine the actuarial assumptions and methods used for the actuarial valuations. The Board adopted all of the actuarial methods and assumptions used in the 2007 valuations.

The findings have been determined according to actuarial assumptions and methods that were chosen on the basis of recent experience of the systems and of current expectations concerning future economic conditions. In our opinion, the assumptions used in the actuarial valuations are appropriate for purposes of the valuations, are internally consistent, and reflect reasonable expectations. The assumptions represent our best estimate of future conditions affecting the systems. Nevertheless, the emerging costs will vary from those presented in the reports to the extent that actual experience differs from that projected by the assumptions.

We certify that the information included in this report is complete and accurate to the best of our knowledge and belief. The actuarial valuations were prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the applicable Standards of Practice adopted by the Actuarial Standards Board of the American Academy of Actuaries. In addition, the assumptions and methods used meet the parameters set for disclosures by Statement No. 25 of the Governmental Accounting Standards Board.

Milliman has been engaged by the Retirement Board as an independent actuary. The undersigned are Fellows of the Society of Actuaries, a Members of the American Academy of Actuaries, Enrolled Actuaries, and experienced in performing valuations for large public employee retirement systems.

Respectfully submitted,

/s/ *Mark O Johnson*

Mark O. Johnson, F.S.A., M.A.A.A., E.A.
Consulting Actuary

/s/ *Patricia Ann Kahle*

Patricia Ann Kahle, F.S.A., M.A.A.A., E.A.
Consulting Actuary

Public Employees' Retirement Board

A Component Unit of the State of Montana

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

BACKGROUND

An actuarial valuation of the plans was completed for fiscal year 2007 by the actuary, Milliman. The same actuary also performed the most recent actuarial experience study which was completed for fiscal year 2004. The experience study investigated the actual experience of each plan administered by the PERB. The actuarial methods and assumptions are described in this section. The methods and assumptions chosen by the PERB were based on the actuary's recommendation. The actuarial assumptions were adopted by the PERB on September 23, 2004. The recommendations were formed on the basis of recent experience of the plans and on current expectations of future economic conditions. Economic assumptions are based on inflation and include general wage increases, investment return and interest on member accounts. Demographic assumptions include general salary increases (including promotions and longevity), retirement, disability, mortality for the specific groups (active members, retired members, disabled members and beneficiaries), other terminations and probability of retaining membership.

The assumptions are intended to estimate the future experience of the plans and the members of the plans in areas which affect the projected benefit flow and anticipated investment earnings. Any variations in future experience from that expected from these assumptions will result in corresponding changes in the estimated cost of the plans' benefits.

RECORDS AND DATA

The data used in the valuation consists of financial information and records of age, service and income of contributing members, former contributing members and their survivors. All data supplied to the actuary by the PERB was accepted for valuation purposes without audit.

ACTUARIAL COST METHOD

A fundamental principle in financing the liabilities of a retirement program is to relate the cost of benefits to when they are earned, rather than when they are paid. There are a number of methods in use for making the determination. The funding method used in the valuations is the Entry Age Cost Method. Under this method, the actuarial present value of projected benefits for each individual member included in the valuation is allocated on a level basis over the earnings of the individual between entry age and an assumed exit age. The portion of this actuarial present value allocated to a valuation year is called the Normal Cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future Normal Cost is called the Actuarial Liability.

The excess of the Actuarial Liability over the Actuarial Value of Assets is called the Unfunded Actuarial Liability. If the Actuarial Value of Assets exceeds the Actuarial Liability, the difference is called the Actuarial Surplus.

ACTUARIAL SECTION

ASSET VALUATION METHOD

Asset values were supplied by the PERB and were accepted without audit by the actuary. The Actuarial Value of Assets is the market value, adjusted by a four-year recognition of gains and losses.

INVESTMENT RETURN

The future investment earnings of the assets of the plans are assumed to accrue at a net annual rate of 8%, net of all administrative and investment-related expenses.

INTEREST ON MEMBER CONTRIBUTIONS

With the exception of VFCA, interest on member contributions at the time of the valuation was assumed to accrue at a net annual rate of 5%.

CAPITAL PRESERVATION PREMIUM ON MPORS DROP ACCOUNTS

MPORS DROP accounts are assumed to earn the rate of return on the trust fund net of expenses and uses an actuarial assumption of 1.5% to cover the minimum 0% earnings guarantee on DROP accounts.

FUTURE SALARIES

Estimates of future salaries are based on two types of assumptions. Rates of increase in the general wage level of the membership are directly related to inflation, while individual salary changes due to promotion and longevity, referred to as the merit scale, occur even in the absence of inflation. The assumed increase in future salaries due to general wage growth is 4.25% per year for all plans. The merit scale is based on years of service and is in addition to the wage growth. The merit

scale is calculated independently for each plan based on the factors applicable to the plan. VFCA is excluded from this calculation because members are unpaid volunteers.

MORTALITY

The probabilities of mortality for Healthy Retirees, Beneficiaries and Non-Retired Members are based on 1994 Uninsured Pensioner Tables for males and females and adjusted for each plan as stated in the following table:

| Healthy Retirees and Non-Retired Members | | |
|--|--------------|----------------|
| | <u>Males</u> | <u>Females</u> |
| PERS | -1 | -1 |
| JRS | -1 | -1 |
| HPORS | -1 | 0 |
| SRS | -1 | 0 |
| GWPORS | -1 | 0 |
| MPORS | -1 | 0 |
| FURS | -1 | 0 |
| VFCA | -1 | -1 |

| Beneficiaries | | |
|---------------|--------------|----------------|
| | <u>Males</u> | <u>Females</u> |
| PERS | -1 | -1 |
| JRS | -1 | -1 |
| HPORS | -1 | -1 |
| SRS | -1 | -1 |
| GWPORS | -1 | -1 |
| MPORS | -1 | -1 |
| FURS | -1 | -1 |
| VFCA | -1 | -1 |

The probabilities of mortality for Disabled Retirees are based on the 1994 Uninsured Pensioner Tables for males and females for each plan except PERS, JRS, and VFCA, which are based on the IRS Revenue Ruling of 96-7 Males/Females Table and adjusted for each plan as stated on next page:

| Disabled Retirees | | |
|-------------------|--------------|----------------|
| | <u>Males</u> | <u>Females</u> |
| PERS | -3 | +1 |
| JRS | -3 | +1 |
| HPORS | +3 | +2 |
| SRS | +3 | +2 |
| GWPORS | +3 | +2 |
| MPORS | +3 | +2 |
| FURS | +3 | +2 |
| VFCA | -1 | +3 |

SERVICE RETIREMENT

The assumed rates of service retirement used in the valuations are dependent upon age and years of service and differ between plans. The rates are based on the actual experience of the individual plans as determined in the 2004 experience study. Under all plans, vested terminated members are assumed to retire when first eligible for an unreduced benefit.

DISABLEMENT

The assumed rates of disablement are dependent upon ages and differ between plans. It is further assumed that 10% of all disabilities are duty-related for all plans except PERS and VFCA. For PERS it is assumed that the most valuable disability benefit will be elected. It is assumed that all disabilities are permanent and that no disabled member will recover and return to work.

OTHER TERMINATIONS OF MEMBERSHIP

The assumed rates of termination, other than for retirement, death, or disability, are calculated individually for each plan. The JRS does not assume termination for any other reason than retirement, death or disability.

TERMINATING MEMBERS ELECTING A REFUND

It is assumed that all terminating members that are non-vested will receive an immediate withdrawal of their member contributions with interest. The probability of a terminating member electing a refund of the member account balance is based on age and is different for each plan as described in the actuarial valuation. These assumptions do not apply to the JRS or VFCA.

ACTUARIAL AUDIT

An actuarial audit was performed during the 2004 actuarial valuation by Mellon. The audit was performed in conjunction with the valuation by PERB's actuary, Milliman. The audit was performed to express an opinion regarding the reasonableness and accuracy of the valuation data, actuarial assumptions, actuarial cost methods and valuation results. The scope of the audit included both a technical review of the valuation results and a professional peer review of the actuarial assumptions and methods used by Milliman. Mellon determined from their full scope review that the actuarial valuation of PERS prepared by Milliman fairly represents the actuarial position and funding requirements of the retirement system. Mellon offered suggestions for enhancement but found Milliman's actuarial results to be reasonable.

ACTUARIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Active Member Valuation Data

| System | Valuation Date | Number Members (a) | Nbr ERs (b) | Covered Payroll (c) | Average Annual Pay (c/a) | % Pay Increase |
|------------------|----------------------------|-----------------------|----------------|------------------------|-----------------------------|----------------|
| PERS-DBRP | June 30, 2002 | 29,808 | 515 | \$ 808,747,026 | \$ 27,132 | 4.24% |
| | June 30, 2003 | 28,604 | 521 | 848,894,150 | 29,677 | 9.38% |
| | June 30, 2004 | 28,201 | 526 | 832,847,393 | 29,533 | -0.49% |
| | June 30, 2005 | 28,213 | 530 | 847,430,761 | 30,037 | 1.71% |
| | June 30, 2006 | 27,962 | 524 | 880,707,616 | 31,497 | 4.86% |
| | June 30, 2007 | 27,977 | 528 | 907,424,089 | 32,435 | 2.98% |
| JRS | June 30, 2002 | 48 | 1 | 3,999,689 | 83,327 | 9.41% |
| | June 30, 2003 | 49 | 1 | 4,077,339 | 83,211 | -0.14% |
| | June 30, 2004 | 50 | 1 | 4,403,432 | 88,069 | 5.84% |
| | June 30, 2005 | 50 | 1 | 4,461,757 | 89,235 | 1.32% |
| | June 30, 2006 | 50 | 1 | 4,761,755 | 95,235 | 6.72% |
| | June 30, 2007 | 51 | 1 | 4,840,867 | 94,919 | -0.33% |
| HPORS | June 30, 2002 | 194 | 1 | 7,536,469 | 38,848 | 0.40% |
| | June 30, 2003 | 201 | 1 | 7,808,953 | 38,851 | 0.01% |
| | June 30, 2004 | 194 | 1 | 7,843,505 | 40,430 | 4.07% |
| | ¹ June 30, 2005 | 201 | 1 | 9,103,879 | 45,293 | 12.03% |
| | June 30, 2006 | 197 | 1 | 7,878,304 | 39,991 | -11.71% |
| | June 30, 2007 | 204 | 1 | 9,858,242 | 48,325 | 20.84% |
| SRS | June 30, 2002 | 642 | 56 | 24,521,275 | 38,195 | 5.07% |
| | June 30, 2003 | 661 | 56 | 25,540,317 | 38,639 | 1.16% |
| | June 30, 2004 | 662 | 56 | 27,372,575 | 41,348 | 7.01% |
| | June 30, 2005 | 680 | 56 | 28,423,312 | 41,799 | 1.09% |
| | ² June 30, 2006 | 1,006 | 57 | 34,241,922 | 34,038 | -18.57% |
| | June 30, 2007 | 1,076 | 57 | 43,611,101 | 40,531 | 19.08% |

¹In fiscal year 2005 a wage settlement occurred for certain members of the HPORS that was retro to 1995.

² Senate Bill 370 provided membership for county detention officers in the SRS. Existing detention officers may elect to remain in the PERS or elect to become a member of the SRS.

The last actuarial valuation was performed as of June 30, 2007.

ACTUARIAL SECTION

| System | Valuation Date | Number Members (a) | Nbr ERs (b) | Covered Payroll (c) | Average Annual Pay (c/a) | % Pay Increase |
|---------------|-----------------------------------|------------------------------|-----------------------|-------------------------------|------------------------------------|-----------------------|
| GWPORS | June 30, 2002 | 609 | 8 | \$ 17,150,523 | \$ 28,162 | -1.40% |
| | June 30, 2003 | 664 | 8 | 20,034,988 | 30,173 | 7.14% |
| | June 30, 2004 | 685 | 8 | 21,442,218 | 31,303 | 3.74% |
| | June 30, 2005 | 711 | 8 | 22,496,263 | 31,640 | 1.08% |
| | June 30, 2006 | 793 | 7 | 25,846,410 | 32,593 | 3.01% |
| | June 30, 2007 | 821 | 7 | 28,799,459 | 35,079 | 7.63% |
| MPORS | June 30, 2002 | 585 | 22 | 22,228,818 | 37,998 | 5.46% |
| | June 30, 2003 | 601 | 22 | 23,289,318 | 38,751 | 1.98% |
| | June 30, 2004 | 603 | 22 | 24,531,018 | 40,682 | 4.98% |
| | June 30, 2005 | 605 | 22 | 26,198,414 | 43,303 | 6.44% |
| | June 30, 2006 | 617 | 22 | 27,643,794 | 44,804 | 3.46% |
| | June 30, 2007 | 640 | 23 | 29,546,856 | 46,167 | 3.04% |
| FURS | June 30, 2002 | 437 | 16 | 17,952,794 | 41,082 | 4.41% |
| | June 30, 2003 | 441 | 16 | 18,608,166 | 42,195 | 2.71% |
| | June 30, 2004 | 438 | 15 | 20,031,923 | 45,735 | 8.39% |
| | June 30, 2005 | 444 | 15 | 20,474,175 | 46,113 | 0.83% |
| | June 30, 2006 | 467 | 17 | 22,916,716 | 49,072 | 6.42% |
| | June 30, 2007 | 480 | 17 | 24,249,918 | 50,521 | 2.95% |
| VFCA | June 30, 2002 | 2,609 | | | | |
| | June 30, 2003 | 2,629 | | | | |
| | June 30, 2004 | 2,687 | | | | |
| | June 30, 2005 | 2,754 | | | | |
| | June 30, 2006 | 2,733 | | | | |
| | ³ June 30, 2007 | 2,207 | | | | |

Covered payroll is not applicable. Members are unpaid volunteers and do not contribute to the fund.

³The decrease in membership numbers from fiscal year 2006 to fiscal year 2007 is due to improvements in the database maintenance and correct reporting of membership.

ACTUARIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Active Member Composition

as of June 30, 2007

| | PERS-DBRP | JRS | HPORS | SRS | GWPORS | MPORS ¹ | FURS | VFCA ² |
|--------------------------|-----------|-----------|-----------|-----------|-----------|--------------------|-----------|-------------------|
| Average Age | 48.3 | 56.2 | 40.0 | 39.5 | 39.9 | 38.9 | 39.4 | |
| Average Service | 10 | 10.6 | 9.8 | 6.1 | 5.6 | 9.7 | 11.5 | |
| Average Salary | \$ 33,716 | \$ 96,648 | \$ 48,392 | \$ 41,033 | \$ 35,440 | \$ 46,128 | \$ 49,903 | N/A |
| Under Age 25 | | | | | | | | |
| Number Members | 525 | | 1 | 64 | 49 | 18 | 26 | |
| Average Salary | \$ 23,687 | | \$ 36,874 | \$ 28,772 | \$ 28,712 | \$ 34,348 | \$ 34,761 | N/A |
| Ages 25-29 | | | | | | | | |
| Number Members | 1,317 | | 20 | 130 | 95 | 78 | 55 | |
| Average Salary | \$ 28,768 | | \$ 43,137 | \$ 35,759 | \$ 31,013 | \$ 39,786 | \$ 41,538 | N/A |
| Ages 30-34 | | | | | | | | |
| Number Members | 1,727 | | 30 | 189 | 119 | 107 | 82 | |
| Average Salary | \$ 31,474 | | \$ 43,829 | \$ 39,758 | \$ 34,380 | \$ 40,497 | \$ 47,111 | N/A |
| Ages 35-39 | | | | | | | | |
| Number Members | 2,428 | | 46 | 197 | 162 | 154 | 94 | |
| Average Salary | \$ 32,730 | | \$ 47,497 | \$ 40,929 | \$ 34,196 | \$ 45,196 | \$ 47,862 | N/A |
| Ages 40-44 | | | | | | | | |
| Number Members | 3,006 | 2 | 50 | 157 | 120 | 118 | 67 | |
| Average Salary | \$ 33,532 | \$ 97,490 | \$ 49,957 | \$ 41,665 | \$ 37,635 | \$ 46,722 | \$ 52,782 | N/A |
| Ages 45-49 | | | | | | | | |
| Number Members | 4,713 | 10 | 34 | 129 | 113 | 79 | 73 | |
| Average Salary | \$ 34,265 | \$ 92,651 | \$ 51,464 | \$ 44,399 | \$ 38,081 | \$ 52,730 | \$ 54,808 | N/A |
| Ages 50-54 | | | | | | | | |
| Number Members | 5,503 | 6 | 16 | 105 | 83 | 27 | 60 | |
| Average Salary | \$ 35,550 | \$ 94,023 | \$ 53,525 | \$ 46,171 | \$ 39,272 | \$ 52,054 | \$ 58,282 | N/A |
| Ages 55-59 | | | | | | | | |
| Number Members | 5,038 | 13 | 5 | 74 | 57 | 15 | 19 | |
| Average Salary | \$ 35,832 | \$ 94,621 | \$ 52,525 | \$ 47,025 | \$ 37,705 | \$ 50,397 | \$ 60,517 | N/A |
| Ages 60-64 | | | | | | | | |
| Number Members | 2,672 | 16 | 2 | 25 | 20 | 3 | 4 | |
| Average Salary | \$ 34,423 | \$ 95,934 | \$ 52,997 | \$ 46,768 | \$ 37,925 | \$ 55,016 | \$ 54,753 | N/A |
| Ages 65-69 | | | | | | | | |
| Number Members | 786 | 3 | | 6 | 3 | | | |
| Average Salary | \$ 28,898 | \$ 94,099 | | \$ 53,127 | \$ 41,750 | | | N/A |
| Age 70 & Over | | | 1 | | | | | |
| Number Members | 262 | | | | | | | |
| Average Salary | \$ 22,934 | \$ 94,099 | | | | | | N/A |

¹The number of members for MPORS does not include the 41 DROP members.

²Average Salary is not applicable to VFCA, members are unpaid volunteers.

The last actuarial valuation was performed as of June 30, 2007.

This page intentionally left blank

ACTUARIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Retirants and Beneficiaries

Added to and Removed from Rolls

| Year Ended | Added | | Removed | | End of Year | Benefits ² | Average Annual Benefit ³ | % Benefit Increase |
|----------------------|------------|------------------------------|------------|------------------------------|---------------|-----------------------|-------------------------------------|--------------------|
| | No. | Annual Benefits ¹ | No. | Annual Benefits ¹ | | | | |
| PERS-DBRP | | | | | | | | |
| June 30, 2002 | 777 | \$ 1,352,552 | 459 | \$ 211,484 | 14,116 | \$ 114,662,817 | \$ 8,453 | 12.63% |
| June 30, 2003 | 735 | 952,550 | 450 | 278,056 | 14,401 | 122,203,686 | 8,672 | 2.59% |
| June 30, 2004 | 861 | 1,216,589 | 428 | 931,433 | 14,834 | 132,683,144 | 9,246 | 6.62% |
| June 30, 2005 | 859 | 7,364,190 | 473 | 1,620,042 | 15,220 | 142,789,016 | 9,606 | 3.89% |
| June 30, 2006 | 929 | 8,873,477 | 495 | 1,801,584 | 15,654 | 153,885,649 | 10,172 | 5.89% |
| June 30, 2007 | 962 | 9,242,368 | 479 | 1,740,623 | 16,137 | 166,187,966 | 10,598 | 4.19% |
| JRS | | | | | | | | |
| June 30, 2002 | 0 | 8,215 | 0 | | 51 | 1,566,110 | 30,704 | 6.72% |
| June 30, 2003 | 0 | 493 | 1 | 1,790 | 50 | 1,551,557 | 31,007 | 0.99% |
| June 30, 2004 | 1 | 12,298 | 1 | 2,763 | 50 | 1,670,457 | 33,295 | 7.38% |
| June 30, 2005 | 1 | 24,369 | 2 | 37,736 | 49 | 1,623,746 | 33,126 | -0.51% |
| June 30, 2006 | 2 | 119,705 | 0 | | 51 | 1,742,859 | 35,233 | 6.36% |
| June 30, 2007 | 2 | 29,277 | 2 | 28,021 | 51 | 1,772,203 | 34,731 | -1.43% |
| HPORS | | | | | | | | |
| June 30, 2002 | 7 | 26,750 | 2 | 2,714 | 265 | 4,861,329 | 17,677 | 4.48% |
| June 30, 2003 | 6 | 26,956 | 4 | 3,658 | 267 | 5,159,762 | 18,669 | 5.61% |
| June 30, 2004 | 8 | 33,952 | 1 | 1,342 | 274 | 5,492,910 | 19,583 | 4.89% |
| June 30, 2005 | 6 | 187,797 | 4 | 14,985 | 276 | 5,789,603 | 20,202 | 3.16% |
| June 30, 2006 | 6 | 252,679 | 0 | | 282 | 6,365,115 | 21,193 | 4.91% |
| June 30, 2007 | 5 | 234,141 | 3 | 8,922 | 284 | 6,460,218 | 22,122 | 4.38% |
| SRS | | | | | | | | |
| June 30, 2002 | 23 | 41,777 | 5 | 5,462 | 280 | 3,699,727 | 13,959 | 4.92% |
| June 30, 2003 | 29 | 57,961 | 3 | 759 | 306 | 4,307,060 | 15,059 | 7.89% |
| June 30, 2004 | 22 | 56,415 | 5 | 4,447 | 323 | 4,902,832 | 16,250 | 7.91% |
| June 30, 2005 | 21 | 249,586 | 4 | 19,375 | 340 | 5,527,472 | 16,719 | 2.88% |
| June 30, 2006 | 24 | 395,529 | 3 | 19,777 | 361 | 6,151,890 | 17,466 | 4.47% |
| June 30, 2007 | 35 | 439,999 | 12 | 87,687 | 384 | 6,769,508 | 18,152 | 3.93% |

¹Annual Benefits Added and Removed for fiscal years prior to June 30, 2005 are based the June monthly benefit total.

For fiscal years ending on or after June 30, 2005 these amounts are based on annual benefit totals.

²Includes active death benefit payments.

³Based on June monthly benefit totals.

The last actuarial valuation was performed as of June 30, 2007.

ACTUARIAL SECTION

| Year Ended | Added | | | Removed | | | End of Year | Benefits ² | Average Annual Benefit ³ | % Benefit Increase | | | | |
|----------------------|-----------|-----------------------|-----------|----------------|-----------------------|--------------|-------------------|-----------------------|-------------------------------------|--------------------|--|--|--|--|
| | Annual | | No. | Annual | | No. | | | | | | | | |
| | No. | Benefits ¹ | | No. | Benefits ¹ | | | | | | | | | |
| GWPORS | | | | | | | | | | | | | | |
| June 30, 2002 | 3 | \$ 4,827 | 3 | \$ 3,099 | | 79 | \$ 1,230,427 | \$ 15,828 | 1.69% | | | | | |
| June 30, 2003 | 4 | 12,749 | 1 | 1,094 | | 82 | 1,316,309 | 16,955 | 7.12% | | | | | |
| June 30, 2004 | 4 | 9,071 | 1 | 2,123 | | 85 | 1,459,817 | 17,496 | 3.19% | | | | | |
| June 30, 2005 | 11 | 66,165 | 2 | 11,997 | | 94 | 1,538,595 | 17,342 | -0.88% | | | | | |
| June 30, 2006 | 15 | 190,274 | 3 | 14,106 | | 106 | 1,834,767 | 18,198 | 4.93% | | | | | |
| June 30, 2007 | 6 | 140,228 | 1 | 7,224 | | 111 | 2,085,050 | 19,247 | 5.77% | | | | | |
| MPORS | | | | | | | | | | | | | | |
| June 30, 2002 | 14 | 49,240 | 13 | 18,007 | | 554 | 9,844,541 | 18,045 | 3.62% | | | | | |
| June 30, 2003 | 19 | 63,743 | 8 | 10,705 | | 565 | 10,425,561 | 18,866 | 4.55% | | | | | |
| June 30, 2004 | 17 | 58,062 | 11 | 15,443 | | 571 | 10,885,372 | 19,576 | 3.76% | | | | | |
| June 30, 2005 | 14 | 304,348 | 10 | 62,467 | | 575 | 11,362,959 | 20,336 | 3.88% | | | | | |
| June 30, 2006 | 14 | 387,872 | 9 | 68,117 | | 580 | 12,031,585 | 21,174 | 4.12% | | | | | |
| June 30, 2007 | 24 | 449,961 | 12 | 118,666 | | 592 | 12,691,520 | 22,177 | 4.74% | | | | | |
| FURS | | | | | | | | | | | | | | |
| June 30, 2002 | 17 | 68,260 | 10 | 13,248 | | 481 | 8,507,526 | 18,203 | 6.63% | | | | | |
| June 30, 2003 | 12 | 50,432 | 13 | 14,906 | | 480 | 9,080,598 | 19,132 | 5.10% | | | | | |
| June 30, 2004 | 22 | 84,167 | 4 | 6,632 | | 498 | 9,674,137 | 20,384 | 6.54% | | | | | |
| June 30, 2005 | 15 | 288,761 | 9 | 88,862 | | 504 | 10,385,891 | 20,972 | 2.88% | | | | | |
| June 30, 2006 | 19 | 513,094 | 14 | 110,793 | | 509 | 11,039,519 | 22,234 | 6.02% | | | | | |
| June 30, 2007 | 20 | 602,497 | 10 | 72,609 | | 519 | 11,850,904 | 23,636 | 6.31% | | | | | |
| VFCA | | | | | | | | | | | | | | |
| June 30, 2002 | 68 | 42,780 | 46 | 2,510 | | 884 | 1,410,768 | 1,542 | 49.47% | | | | | |
| June 30, 2003 | 62 | 8,160 | 25 | 3,045 | | 921 | 1,411,936 | 1,551 | 0.58% | | | | | |
| June 30, 2004 | 59 | 11,340 | 36 | 3,915 | | 944 | 1,478,648 | 1,614 | 4.07% | | | | | |
| June 30, 2005 | 65 | 72,105 | 43 | 45,038 | | 966 | 1,517,098 | 1,557 | -3.56% | | | | | |
| June 30, 2006 | 68 | 81,945 | 33 | 22,470 | | 1,001 | 1,563,795 | 1,578 | 1.39% | | | | | |
| June 30, 2007 | 74 | 80,123 | 37 | 22,028 | | 1,038 | 1,636,980 | 1,587 | 0.57% | | | | | |

ACTUARIAL SECTION

Public Employees' Retirement Board A Component Unit of the State of Montana

Solvency Test

(in thousands)

| System | Valuation Date | Aggregate Accrued Liabilities for | | | Actuarial Value of Assets | Portion of Accrued Liabilities Covered by Reported Asset | | |
|------------------|-----------------|-------------------------------------|-----------------------------|--------------------------------------|---------------------------|--|------------|------------|
| | | 1 | 2 | 3 | | 1 | 2 | 3 |
| | | Active Member Accounts ¹ | Retirants and Beneficiaries | Active Members (ER Financed Portion) | | 100 | 100 | 100 |
| PERS-DBRP | 06/30/02 | \$ 645,403 | \$ 1,366,634 | \$ 1,065,727 | \$ 3,076,781 | 100 | 100 | 100 |
| | 06/30/04 | 684,607 | 1,640,145 | 1,189,333 | 3,047,287 | 100 | 100 | 61 |
| | 06/30/05 | 701,851 | 1,756,674 | 1,261,473 | 3,179,010 | 100 | 100 | 57 |
| | 06/30/06 | 718,260 | 1,895,838 | 1,305,215 | 3,459,084 | 100 | 100 | 65 |
| | 06/30/07 | 749,000 | 2,051,107 | 1,401,143 | 3,825,234 | 100 | 100 | 73 |
| JRS | 06/30/02 | 2,708 | 18,977 | 9,197 | 44,963 | 100 | 100 | 253 |
| | 06/30/04 | 3,271 | 20,106 | 11,347 | 45,134 | 100 | 100 | 192 |
| | 06/30/05 | 3,479 | 19,411 | 11,635 | 47,552 | 100 | 100 | 212 |
| | 06/30/06 | 3,690 | 20,362 | 13,107 | 51,808 | 100 | 100 | 212 |
| | 06/30/07 | 3,863 | 20,446 | 12,554 | 57,778 | 100 | 100 | 267 |
| HPORS | 06/30/02 | 6,797 | 68,800 | 19,253 | 81,734 | 100 | 100 | 32 |
| | 06/30/04 | 6,914 | 76,936 | 20,219 | 79,104 | 100 | 94 | 0 |
| | 06/30/05 | 6,981 | 80,701 | 25,256 | 82,050 | 100 | 93 | 0 |
| | 06/30/06 | 7,321 | 83,954 | 20,728 | 87,189 | 100 | 95 | 0 |
| | 06/30/07 | 8,049 | 93,187 | 27,070 | 95,758 | 100 | 94 | 0 |
| SRS | 06/30/02 | 20,108 | 55,458 | 46,059 | 138,590 | 100 | 100 | 137 |
| | 06/30/04 | 21,643 | 75,982 | 50,983 | 141,022 | 100 | 100 | 85 |
| | 06/30/05 | 22,810 | 82,386 | 54,151 | 148,458 | 100 | 100 | 80 |
| | 06/30/06 | 24,936 | 89,353 | 57,552 | 163,003 | 100 | 100 | 85 |
| | 06/30/07 | 27,651 | 97,660 | 63,725 | 183,894 | 100 | 100 | 92 |

¹ Active Member Accounts includes Regular and Additional Contributions with interest, and excludes all accounts of inactive members.

The last actuarial valuation was performed as of June 30, 2007.

ACTUARIAL SECTION

| System | Valuation Date | Aggregate Accrued Liabilities for | | | | | | Portion of Accrued Liabilities Covered by Reported Asset | | | |
|---------------|-----------------|-----------------------------------|-----------------------------|---------------|----------------|------------|------------|--|---|---------------------------|--|
| | | 1 | | 2 | | 3 | | Active Members (ER Financed Portion) | | Actuarial Value of Assets | |
| | | Active Member Accounts | Retirants and Beneficiaries | | | | | 1 | 2 | 3 | |
| GWPORS | 06/30/02 | \$ 8,857 | \$ 14,005 | \$ 16,247 | \$ 38,730 | 100 | 100 | 98 | | | |
| | 06/30/04 | 12,371 | 18,034 | 19,905 | 45,210 | 100 | 100 | 74 | | | |
| | 06/30/05 | 14,416 | 19,599 | 22,399 | 50,961 | 100 | 100 | 76 | | | |
| | 06/30/06 | 15,667 | 23,890 | 24,626 | 58,813 | 100 | 100 | 78 | | | |
| | 06/30/07 | 17,813 | 27,070 | 28,109 | 68,755 | 100 | 100 | 85 | | | |
| MPORS | 06/30/02 | 20,854 | 144,055 | 61,918 | 143,516 | 100 | 85 | 0 | | | |
| | 06/30/04 | 23,317 | 159,767 | 77,010 | 149,510 | 100 | 79 | 0 | | | |
| | 06/30/05 | 24,368 | 166,978 | 85,033 | 159,417 | 100 | 81 | 0 | | | |
| | 06/30/06 | 25,802 | 175,035 | 90,261 | 175,919 | 100 | 86 | 0 | | | |
| | 06/30/07 | 27,256 | 185,707 | 97,460 | 198,310 | 100 | 92 | 0 | | | |
| FURS | 06/30/02 | 18,297 | 121,922 | 57,727 | 136,392 | 100 | 97 | 0 | | | |
| | 06/30/04 | 20,215 | 142,894 | 64,490 | 142,109 | 100 | 85 | 0 | | | |
| | 06/30/05 | 21,587 | 148,378 | 68,192 | 151,393 | 100 | 87 | 0 | | | |
| | 06/30/06 | 22,738 | 159,121 | 73,654 | 167,343 | 100 | 91 | 0 | | | |
| | 06/30/07 | 23,896 | 171,777 | 73,726 | 188,545 | 100 | 96 | 0 | | | |
| VFCA | 06/30/02 | | 15,631 | 11,177 | 19,254 | 100 | 100 | 32 | | | |
| | 06/30/04 | | 16,578 | 12,102 | 20,058 | 100 | 100 | 29 | | | |
| | 06/30/05 | | 16,997 | 13,776 | 21,311 | 100 | 100 | 31 | | | |
| | 06/30/06 | | 17,803 | 14,080 | 23,238 | 100 | 100 | 39 | | | |
| | 06/30/07 | | 19,579 | 12,019 | 25,862 | 100 | 100 | 52 | | | |

Active member accounts are not applicable. Members are unpaid volunteers.

ACTUARIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Summary of Actuarial (Gain)/Loss by Source

(in thousands)

| PERS-DBRP | | |
|---------------------------------------|--|--------------------|
| Investment (Gain) or Loss | | \$ (136,012) |
| Liability (Gain) or Loss | | 40,640 |
| Total Actuarial (Gain) or Loss | | \$ (95,372) |

| JRS | | |
|---------------------------------------|--|-------------------|
| Investment (Gain) or Loss | | \$ (2,017) |
| Liability (Gain) or Loss | | (2,644) |
| Total Actuarial (Gain) or Loss | | \$ (4,661) |

| HPORS | | |
|---------------------------------------|--|-----------------|
| Investment (Gain) or Loss | | \$ (3,481) |
| Liability (Gain) or Loss | | 12,517 |
| Total Actuarial (Gain) or Loss | | \$ 9,036 |

| SRS | | |
|---------------------------------------|--|-------------------|
| Investment (Gain) or Loss | | \$ (6,268) |
| Liability (Gain) or Loss | | 3,242 |
| Total Actuarial (Gain) or Loss | | \$ (3,026) |

The last actuarial valuation was performed as of June 30, 2007.

| | | |
|---------------------------------------|--|-------------------|
| GPWORS | | |
| Investment (Gain) or Loss | | \$ (2,064) |
| Liability (Gain) or Loss | | 1,430 |
| Total Actuarial (Gain) or Loss | | \$ (634) |
| MPORS | | |
| Investment (Gain) or Loss | | \$ (5,966) |
| Liability (Gain) or Loss | | 2,547 |
| Total Actuarial (Gain) or Loss | | \$ (3,419) |
| FURS | | |
| Investment (Gain) or Loss | | \$ (5,731) |
| Liability (Gain) or Loss | | (306) |
| Total Actuarial (Gain) or Loss | | \$ (6,037) |
| VFCA | | |
| Investment (Gain) or Loss | | \$ (754) |
| Liability (Gain) or Loss | | (1,643) |
| Total Actuarial (Gain) or Loss | | \$ (2,397) |

The last actuarial valuation was performed as of June 30, 2007.

ACTUARIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Summary of Defined Benefit Retirement Plan Provisions

The summary of plan provisions as of June 30, 2007, is presented separately for each plan.

Public Employees' Retirement System-DBRP

| | | |
|------------------------------|--------------|--|
| Normal Retirement | Eligibility: | Age 65 regardless of membership service; or, age 60 and 5 years of membership service; or, 30 years of membership service regardless of age. |
| | Benefit: | Years of service credit, multiplied by highest average compensation (highest 36 consecutive months), multiplied by 1/56th if membership service at retirement is less than 25 years, or multiplied by 1/50th if membership service at retirement is at least 25 years. |
| | Normal Form: | Monthly benefit for the life of the member, with a death benefit equal to the remaining balance of the member's contribution account. |
| Early Retirement | Eligibility: | Age 50 and 5 years of membership service or 25 years of membership service regardless of age. |
| | Benefit: | Actuarial equivalent of the accrued benefit based on retirement at age 60 or 30 years of membership service. |
| Disability Retirement | Eligibility: | 5 years of membership service. |
| | Benefit: | If hired on or before February 24, 1991, the greater of (a) and (b) below: |
| | | (a) Years of service credit, multiplied by highest average compensation, multiplied by 90% of 1/56th (1/50th if 25 or more years of membership service), or |
| | | (b) Highest average compensation multiplied by 25%. |

| | |
|--------------------------------|--|
| | If hired after February 24, 1991: |
| | (a) Years of service credit, multiplied by highest average compensation, multiplied by 1/56th (1/50th if 25 or more years of membership service). |
| Death before Retirement | <p>Eligibility: Prior to 5 years of membership service.</p> <p>Benefit: The sum of (a) and (b) below:</p> <p>(a) Return of member contributions with interest,</p> <p>(b) Lump sum payment of one months' salary up to a maximum of six months' salary.</p> |
| | <p>Eligibility: 5 years or more of membership service.</p> <p>Benefit: Either the sum of (a) and (b), or (c) below:</p> <p>(a) Return of member contributions with interest, and</p> <p>(b) Lump sum payment of one month's salary up to a maximum of six months' salary; or</p> <p>(c) Actuarial equivalent of the accrued benefit at the time of death of the member.</p> |
| Termination Benefit | <p>Eligibility: Prior to 5 years of membership service.</p> <p>Benefit: Return of members' accumulated contributions.</p> <p>Eligibility: 5 years of membership service.</p> <p>Benefit: Either (a) or (b) below:</p> <p>(a) Return of member contributions with interest, or</p> <p>(b) Actuarial equivalent of the accrued benefit based on a retirement age of 60, starting at age 50 or later.</p> |
| Benefit Adjustments | <p>Eligibility: Retired members and contingent annuitants.</p> <p>Benefit: An annual adjustment (GABA) of 3.0% commencing January 1st, one year after retirement.</p> <p>Effective July 1, 2007, an annual adjustment (GABA) of 1.5% for members hired on or after July 1, 2007, commencing January 1st, one year after retirement.</p> |

ACTUARIAL SECTION

| | |
|----------------------|---|
| Contributions | Members: 6.90% of members' compensation |
| | Employers: 6.9% of members' compensation (offset by 0.10% of members' compensation paid by the State for local government employers and school district employers). |
| | Effective July 1, 2007, 7.035% of members' compensation (offset by 0.10% of members' compensation paid by the State for local government employers and 0.235% for school district employers). |
| | Effective July 1, 2009, 7.17% of members' compensation (offset by 0.10% of members' compensation paid by the State for local government employers and 0.37% for school district employers). |
| | The additional employer contributions effective July 1, 2007, and July 1, 2009, will terminate if an actuarial valuation shows that the amortization period for the system's unfunded actuarial liabilities fell below 25 years and terminating those additional contributions would not cause that amortization period to exceed 25 years. |

ACTUARIAL SECTION

This page intentionally left blank

ACTUARIAL SECTION

Judges' Retirement System

| | | |
|------------------------------|--------------|---|
| Normal Retirement | Eligibility: | Age 60 and 5 years of membership service. |
| | Benefit: | <p>(1) If hired before July 1, 1997 and not electing GABA prior to January 1, 1998 or December 1, 2005, the sum of (a) and (b) below:</p> <p>(a) Years of service credit (up to 15), multiplied by current salary, multiplied by 3-1/3%, plus</p> <p>(b) Years of service credit (over 15), multiplied by current salary, and multiplied by 1.785%.</p> <p>(2) If hired on or after July 1, 1997 or electing GABA prior to January 1, 1998 or December 1, 2005 by filing a voluntary, irrevocable election with the PERB:</p> <p>(a) Same formula as above, substituting highest average compensation for current salary.</p> |
| | Normal Form: | The monthly benefit for the life of the member, with a final payment equal to the accumulated contributions of the member account at retirement less the sum of all payments made to the date of death. This final payment is for non-GABA members and may be annuitized. |
| Disability Retirement | Eligibility: | Service disablement. |
| | Benefit: | For non-GABA members or members electing the GABA on or after January 1, 1998 or December 1, 2005 — 50% of current salary. |
| | | For GABA members hired on or after July 1, 1997 or electing the GABA prior to January 1, 1998 or December 1, 2005 — 50% of highest average compensation. |
| | Eligibility: | Non-service disablement. |
| | Benefit: | Actuarial equivalent of accrued service retirement benefit. |

| | |
|--------------------------------|--|
| Death before Retirement | Eligibility: Service death. |
| | Benefit: Accrued service retirement benefit commencing at time of death. |
| | Eligibility: Non-service death before age 60. |
| | Benefit: Accrued service retirement benefit commencing at time of death. |
| Termination Benefit | Eligibility: Prior to five years of membership service. |
| | Benefit: Return of members' accumulated contributions. |
| | Eligibility: 5 years of membership service and involuntary termination or 12 years of service credit. |
| | Benefit: Either (a) or (b) below: (a) Return of members' accumulated contributions. (b) The accrued actuarial equivalent of the service retirement benefit. |
| Benefit Adjustments | Eligibility: Retired members and contingent annuitants. |
| | Benefit: Either (a) or (b) below, as elected: (a) An annual adjustment (GABA) of 3.0%, commencing January 1st, one year after retirement for members who have elected this benefit or who were hired on or after July 1, 1997, or (b) The biennial increase proportional to the annual increase in compensation to active members. |
| Contributions | Members: 7.00% of members' compensation. |
| | Employers: 25.81 % of members' compensation. |

ACTUARIAL SECTION

Highway Patrol Officers' Retirement System

| | | |
|--------------------------------|--------------|---|
| Normal Retirement | Eligibility: | 20 years or more of membership service regardless of age. |
| | Benefit: | Years of service credit, multiplied by highest average compensation, multiplied by 2.50%. |
| | Normal Form: | Monthly benefit for the life of the member, with full benefits continuing to the surviving spouse or dependent children upon the death of the member. |
| Early Retirement | Eligibility: | 5 years of membership service and discontinued from service other than for cause. |
| | Benefit: | Actuarial equivalent of accrued benefit based on a retirement age of 60. |
| Disability Retirement | Eligibility: | Service disablement. |
| | Benefit: | Minimum of 50% of highest average compensation. |
| | Eligibility: | Non-service disablement. |
| | Benefit: | Actuarial equivalent of accrued benefit based on a retirement age of 60. |
| Death before Retirement | Eligibility: | Service death. |
| | Benefit: | 50% of highest average compensation. |
| | Eligibility: | Non-service death. |
| | Benefit: | Actuarial equivalent of accrued benefit based on a retirement age of 60. |

| | | |
|----------------------------|--------------|---|
| Termination Benefit | Eligibility: | Prior to 5 years of membership service. |
| | Benefit: | Return of members' accumulated contributions. |
| | Eligibility: | 5 years of membership service. |
| | Benefit: | Either (a) or (b) below: (a) Return of member contributions with interest, or (b) Actuarial equivalent of the accrued benefit based on a retirement age of 60. |
| Benefit Adjustments | Eligibility: | Retired members and spouse or dependent children. |
| | Benefit: | Either (a) or (b) below, as elected: (a) An annual adjustment (GABA) of 3%, commencing January 1st, one year after retirement, or (b) 2% per year of service of the base salary of a probation officer, but not to exceed an increase of 5% per year. |
| | Lump Sum: | For members retired prior to July 1, 1991, and not covered by GABA, a lump sum payment limited to the increase in the Consumer Price Index. |
| Contributions | Members: | Either (a) or (b) below: (a) 9.00% of members' compensation if hired prior to July 1, 1997, or (b) 9.05% for members hired after June 30, 1997 and those electing GABA. |
| | Employers: | 36.33% of members' compensation. |

ACTUARIAL SECTION

Sheriffs' Retirement System

| | | |
|--------------------------------|--------------|---|
| Service Retirement | Eligibility: | 20 years of membership service regardless of age. |
| | Benefit: | Years of service credit, multiplied by highest average compensation, multiplied by 2.50%. |
| | Normal Form: | Monthly benefit for the life of the member, with a death benefit equal to the remaining balance of the member's contribution account. |
| Early Retirement | Eligibility: | 5 years of membership service and attainment of age 50. |
| | Benefit: | Actuarial equivalent of the accrued benefit based on retirement at the earlier of completing 20 years of service credit, or age 60. |
| Disability Retirement | Eligibility: | Service disablement. |
| | Benefit: | Minimum of 50% of highest average compensation. If more than 20 years of service credit, years of service credit multiplied by highest average compensation, multiplied by 2.50%. |
| | Eligibility: | Non-service disablement. |
| | Benefit: | Actuarial equivalent of accrued benefit based on a retirement age after completing 20 years of membership service, or age 60. |
| Death before Retirement | Eligibility: | Service death. |
| | Benefit: | 50% of highest average compensation or, if greater, 2.50% multiplied by number of years multiplied by highest average compensation. |
| | Eligibility: | Non-service death. |
| | Benefit: | Actuarial equivalent of accrued benefit based on a retirement age of 65 or completing 20 years of membership service. |

| | | |
|----------------------------|--------------|--|
| Termination Benefit | Eligibility: | Prior to 5 years of membership service. |
| | Benefit: | Return of members' accumulated contributions. |
| | Eligibility: | 5 years of membership service. |
| | Benefit: | Either (a) or (b) below: (a) Return of member contributions with interest, or (b) Actuarial equivalent of the accrued benefit based on the earlier of 20 years of membership service or a retirement age 60; commencing no sooner than the first day of the month following the member's 50th birthday. |
| Benefit Adjustments | Eligibility: | Retired members and contingent annuitant. |
| | Benefit: | If hired before July 1, 2007, an annual adjustment (GABA) of 3.0% commencing January 1st, one year after retirement. |
| | | Effective on July 1, 2007, an annual adjustment (GABA) of 1.5% for members hired on or after July 1, 2007. |
| Contributions | Members: | 9.245% of members' compensation. |
| | Employers: | 9.535% of members' compensation. Effective July 1, 2007, 9.825% of members' compensation. Effective July 1, 2009, 10.115% of members' compensation, if needed. If as of any actuarial valuation date, the amortization period calculated without any of the additional contributions effective July 1, 2007 or July 1, 2009 is less than 25 years, the additional contributions will cease effective immediately. |

ACTUARIAL SECTION

Game Wardens and Peace Officers' Retirement System

| | | |
|--------------------------------|--------------|--|
| Service Retirement | Eligibility: | Age 50 and 20 years of membership service. |
| | Benefit: | Years of service credit, multiplied by highest average compensation, multiplied by 2.50%. |
| | Normal Form: | Monthly benefit for the life of the member, with a death benefit equal to the remaining balance of the member's contribution account. |
| Early Retirement | Eligibility: | 5 years of membership service and attainment of age 55. |
| | Benefit: | Years of service credit, multiplied by highest average compensation, multiplied by 2.50% |
| Disability Retirement | Eligibility: | 5 years of membership service, and service disablement. |
| | Benefit: | 50% of highest average compensation. If the member has more than 20 years of service credit, 2.5% of highest average compensation multiplied by years of service credit. |
| | Eligibility: | Non-service disablement. |
| | Benefit: | Actuarial equivalent of accrued benefit based on a retirement age of 50. |
| Death before Retirement | Eligibility: | Service death. |
| | Benefit: | 50% of highest average compensation. If the member has more than 25 years of service credit, 2.0% of highest average compensation multiplied by years of service credit. |
| | Eligibility: | Non-service death. |
| | Benefit: | Lump-sum refund of member's accumulated contribution or the actuarial equivalent of accrued benefit based on a retirement age of 55. |

| | | |
|----------------------------|--------------|--|
| Termination Benefit | Eligibility: | Prior to 5 years of membership service. |
| | Benefit: | Return of members' accumulated contributions. |
| | Eligibility: | 5 years of membership service. |
| | Benefit: | Either (a) or (b) below: (a) Return of member contributions with interest, or (b) Accrued benefit at age 55. |
| Benefit Adjustments | Eligibility: | Retired members and contingent annuitants. |
| | Benefit: | If hired before July 1, 2007, an annual adjustment (GABA) of 3.0% commencing January 1st, one year after retirement. |
| | | If hired on or after July 1, 2007, an annual adjustment (GABA) of 1.5% for members hired on or after July 1, 2007. |
| Contributions | Members: | 10.56% of members' compensation. |
| | Employers: | 9.00% of members' compensation. |

ACTUARIAL SECTION

Municipal Police Officers' Retirement System

| | | |
|--------------------------------|--------------|--|
| Service Retirement | Eligibility | 20 years of membership service regardless of age or 5 years of membership service and attainment of age 50. |
| | Benefit: | Years of service credit, multiplied by 2.5%, multiplied by (a) if hired before July 1, 1977: Average monthly compensation of final year of service, or (b) if hired on or after July 1, 1977: Final average compensation for last consecutive 36 months. |
| | Normal Form: | Monthly benefit for the life of the member, with full benefits continuing to the surviving spouse or dependent children upon the death of the member. |
| Disability Retirement | Eligibility: | Immediate. |
| | Benefit: | If hired before July 1, 1977: Minimum of 50% of base salary. If hired on or after July 1, 1977: Minimum of 50% of final average compensation. |
| Death before Retirement | Eligibility: | Immediate. |
| | Benefit: | If hired before July 1, 1977: Minimum of 50% of base salary. If hired on or after July 1, 1977: Minimum of 50% of final average compensation. |
| Termination Benefit | Eligibility: | Prior to 5 years of membership service. |
| | Benefit: | Return of member's accumulated contributions. |
| | Eligibility: | 5 years of membership service. |
| | Benefit: | Either (a) or (b) below: (a) Return of members' accumulated contribution, or |

| | | |
|----------------------------|--------------|--|
| | | (b) Actuarial equivalent of the accrued benefit based on a retirement age of 50. |
| Benefit Adjustments | Eligibility: | Retired members and spouse or dependent children. |
| | Benefit: | Either (a) or (b) below, as elected by the member: (a) An annual adjustment (GABA) of 3.0%, commencing one year after retirement for members hired on or after July 1, 1997, or if elected by the member, or (b) 50% of the salary of a newly confirmed police officer in the city in which the member was employed. |
| Contributions | Members: | Either (a), (b), (c), (d), or (e) below: (a) If hired prior to July 1, 1975 and not electing GABA: 5.80% of members' compensation, or (b) If hired after June 30, 1975 and prior to July 1, 1979 and not electing GABA: 7.00%, or (c) If hired after June 30, 1979 and prior to July 1, 1997 and not electing GABA: 8.50%, or (d) If hired on or after June 30, 2007 and members electing GABA: 9.00%. |
| | Employers: | 14.41% of members' compensation. |
| | State: | 29.37% of members' compensation. |

ACTUARIAL SECTION

| | | |
|-------------------|----------------|---|
| MPORS DROP | Eligibility: | 20 years of membership service. |
| | Benefits: | Eligible members may elect to participate in the DROP for a period of up to 5 years. |
| | | A monthly DROP service retirement allowance is calculated based on the member's compensation and service at the beginning of the DROP period. This monthly benefit is deposited into a DROP account. The DROP account also is credited with investment earnings equal to the rate of earnings on the trust fund, but not less than 0% in any fiscal year. |
| | | The monthly DROP benefit receives GABA or minimum benefit adjustments that would apply if the member was receiving a service retirement benefit during the DROP period. |
| | | If a member becomes disabled during the DROP period, the member will not be eligible for MPORS disability benefits. If the member must terminate their service, their service retirement benefit will be paid to them rather than to their monthly DROP Account. The member will also be eligible to receive their DROP benefit. |
| | | If a member dies before the end of their DROP period, the surviving spouse or dependent children are entitled to the member's DROP benefit. The members' surviving spouse or dependent children are also entitled to the members' monthly retirement benefit. If the member does not have a surviving spouse or dependent children, then the member's designated beneficiary may receive the balance of the member's retirement account and a lump-sum payment of the DROP benefit. |
| | | At the end of the DROP period the DROP account is paid to the member, and the member begins receiving a monthly retirement benefit equal to the monthly DROP benefit with all GABA or minimum benefit adjustments made during the DROP period, and the monthly benefit continues to receive GABA or minimum benefit adjustments thereafter. |
| | Contributions: | During the DROP period, member, employer, and state contributions continue to be made to the trust fund at the same rates as for any other active plan member. |

ACTUARIAL SECTION

This page intentionally left blank

ACTUARIAL SECTION

Firefighters' Unified Retirement System

| | | |
|--------------------------------|--------------|--|
| Normal Retirement | Eligibility: | 20 years of membership service regardless of age. |
| | Benefit: | <p>If hired prior to July 1, 1981, and not electing GABA - the greater of:</p> <ul style="list-style-type: none">(a) 2.5% of highest average compensation, multiplied by years of service credit, or(b) i.) If less than 20 years of membership service, 2% of highest monthly compensation, multiplied by years of service creditii.) If greater than 20 years of membership service, 50% of highest monthly compensation, plus years of service in excess of 20, multiplied by highest monthly compensation, multiplied by 2.00% |
| | | <p>If hired on or after July 1, 1981, and those electing GABA:</p> <p>years of service credit, multiplied by highest average compensation, multiplied by 2.50%</p> |
| | Normal Form: | Monthly benefit for the life of the member, with full benefits continuing to the surviving spouse or dependent children upon the death of the member. |
| Disability Retirement | Benefit: | <ul style="list-style-type: none">(a) If less than 20 years of membership service, 50% of highest monthly compensation.(b) If greater than 20 years of membership service, 2.5% of highest average compensation for each year of service credit. |
| Death before Retirement | Benefit: | <ul style="list-style-type: none">(a) If less than 20 years of membership service, 50% of highest monthly compensation.(b) If greater than 20 years of membership service, 2.5% of highest average compensation for each year of service credit. |

| | | |
|----------------------------|--------------------------------------|--|
| Termination Benefit | Eligibility: Benefit: | Prior to 5 years of membership service. Return of members' accumulated contributions. |
| | Eligibility: Benefit: | 5 years of membership service. Either (a) or (b) below: (a) Return of members' accumulated contribution, or (b) Accrued benefit at age 50. |
| Benefit Adjustments | Eligibility: Benefit: | Retired members and spouse or dependent children. Greater of (a) or (b) below: (a) An annual adjustment (GABA) of 3.0% commencing on January 1st, one year after retirement for members hired on or after July 1, 1997, or if elected by the member, or (b) members with at least 10 years of service and who did not elect GABA - 50% of the salary of a newly confirmed firefighter in the city in which the member was employed. |
| Contributions | Members: Employers: State: | Either (a) or (b) below: (a) 9.50% of members' compensation if hired prior to July 1, 1997 or not electing GABA, or (b) 10.70% for members hired after June 30, 1997 or electing the GABA. 14.36% of members' compensation. 32.61 % of members' compensation. |

ACTUARIAL SECTION

Volunteer Firefighters' Compensation Act

| | | |
|--------------------------------|--------------|--|
| Service Retirement | Eligibility: | Age 55 and 20 years of service credit, or age 60 and 10 years of service credit. |
| | Benefit: | \$7.50 per year of service, up to a maximum of \$225 (30 years of service credit). |
| | Normal Form: | Monthly benefit for the life of the member. Survivorship benefits are limited to the first 40 months of benefit payment. |
| Return to Service | Eligibility: | A member may continue to be a volunteer not receiving service credit and continue to draw a full pension benefit. |
| Disability Retirement | Eligibility: | Service disability. |
| | Benefit: | \$7.50 per year of service, with a minimum of \$75 and a maximum of \$225 per month. |
| Death before Retirement | Eligibility: | 10 years of service. |
| | Benefit: | \$7.50 per year of service for 40 months. |
| Termination Benefit | Eligibility: | Accrued benefit at retirement age of 60. |
| Contributions | Members: | None. |
| | State: | 5% of insurance premium taxes collected. |

SUMMARY OF STATISTICAL DATA

Issued in May 2004, pronouncement “*GASB Statement No. 44, Economic Conditioning Reporting: The Statistical Section*” establishes and modifies requirements related to the supplementary information presented in this section of this report.

The pensions are accounted for under the accrual basis of accounting. Information will be provided for the last ten years ending June 30, 2007 for the following five objectives: financial trends; revenue capacity; debt capacity; demographic and economic; and operating.

Financial trends are presented on pages 148 to 162. The schedules contain trend information to help the reader understand how the plans’ financial performance and well-being have changed over time. Net assets and liabilities are presented on pages 148 to 154. The change in net assets is presented in chart format and includes graphs for the PERS-DBRP that highlight areas of interest. Actuarial funding liabilities are presented on pages 155 to 157 in graph format for all of the defined benefit retirement plans. The existence of unfunded actuarial liabilities is not necessarily an indication of financial problems but the fluctuations are important and must be monitored and controlled.

Revenue capacity is presented on pages 158 to 167. These schedules contain information to help the reader assess the plans’ revenue sources; fair values by investment type; and the contribution rate history since inception.

Debt capacity is presented on pages 168 to 179. These schedules present information to help the reader assess the plans’ current levels of outstanding debt and the plans’ ability to issue additional debt in the future. Debt capacity is represented with benefit expenses and distributions and is followed by schedules of retired members showing the number of retirees based on the type of benefit received.

Demographic and Economic information is presented on pages 180 to 191. These schedules offer demographic and economic indicators to help the reader understand the environment within which the plans’ financial activities take place. A map, on page 180, depicts the location of benefit recipients. The map shows that the majority (89 percent) of benefit recipients remain in Montana. Next, the average monthly benefit is provided.

Operating information is also presented on pages 192 to 202. These schedules contain pension plan data to help the reader understand how the information in the financial report relates to the pension plans the PERB administers. This section includes a schedule of employers participating in each of the plans.

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Changes in Net Assets, Last Ten Fiscal Years

(In thousands)

| Fiscal Year | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|--|-------------------|-------------------|-------------------|---------------------|---------------------|-------------------|-------------------|
| PERS-DBRP | | | | | | | |
| Additions | | | | | | | |
| Member Contributions ¹ | \$ 48,547 | \$ 49,304 | \$ 53,100 | \$ 57,119 | \$ 60,030 | \$ 62,628 | \$ 62,664 |
| Employer Contributions ² | 45,274 | 47,739 | 49,786 | 53,976 | 56,505 | 57,597 | 58,231 |
| State Contributions | 304 | 341 | 348 | 383 | 374 | 389 | 403 |
| Investment Income ³ | 347,248 | 293,403 | 215,193 | (148,517) | (201,366) | 167,331 | 360,266 |
| Other ⁴ | 61 | 110 | 61 | 26 | | | |
| <i>Total Additions to Plan Net Assets</i> | <i>441,434</i> | <i>390,897</i> | <i>318,488</i> | <i>(37,013)</i> | <i>(84,457)</i> | <i>287,945</i> | <i>481,564</i> |
| Deductions | | | | | | | |
| Benefits | 87,380 | 91,521 | 96,016 | 101,546 | 114,663 | 122,204 | 132,683 |
| Refunds | 11,569 | 11,294 | 12,098 | 11,874 | 10,683 | 10,218 | 10,913 |
| Administrative Expenses | 1,205 | 1,344 | 1,470 | 2,275 | 3,310 | 2,254 | 2,825 |
| Other ⁵ | 588 | 420 | 348 | 185 | 364 | 22,175 | 1,882 |
| <i>Total Deductions to Plan Net Assets</i> | <i>100,742</i> | <i>104,579</i> | <i>109,932</i> | <i>115,880</i> | <i>129,020</i> | <i>156,851</i> | <i>148,303</i> |
| <i>Change in Net Assets</i> | <i>\$ 340,692</i> | <i>\$ 286,318</i> | <i>\$ 208,556</i> | <i>\$ (152,893)</i> | <i>\$ (213,477)</i> | <i>\$ 131,094</i> | <i>\$ 333,261</i> |
| JRS | | | | | | | |
| Additions | | | | | | | |
| Member Contributions ¹ | \$ 229 | \$ 223 | \$ 244 | \$ 256 | \$ 280 | \$ 285 | \$ 443 |
| Employer Contributions | 843 | 823 | 899 | 944 | 1,032 | 1,052 | 1,136 |
| Investment Income ³ | 5,285 | 4,291 | 2,852 | (2,162) | (3,047) | 2,661 | 5,248 |
| <i>Total Additions to Plan Net Assets</i> | <i>6,357</i> | <i>5,337</i> | <i>3,995</i> | <i>(962)</i> | <i>(1,735)</i> | <i>3,998</i> | <i>6,827</i> |
| Deductions | | | | | | | |
| Benefits | 1,304 | 1,319 | 1,379 | 1,431 | 1,566 | 1,552 | 1,670 |
| Refunds | 7 | | | | | | |
| Administrative Expenses | 3 | 3 | 3 | 5 | 4 | 3 | 14 |
| Other | | | | | | | |
| <i>Total Deductions to Plan Net Assets</i> | <i>1,314</i> | <i>1,322</i> | <i>1,382</i> | <i>1,436</i> | <i>1,570</i> | <i>1,555</i> | <i>1,684</i> |
| <i>Change in Net Assets</i> | <i>\$ 5,043</i> | <i>\$ 4,015</i> | <i>\$ 2,613</i> | <i>\$ (2,398)</i> | <i>\$ (3,305)</i> | <i>\$ 2,443</i> | <i>\$ 5,143</i> |
| HPORS | | | | | | | |
| Additions | | | | | | | |
| Member Contributions ¹ | \$ 652 | \$ 598 | \$ 668 | \$ 716 | \$ 693 | \$ 805 | \$ 743 |
| Employer Contributions | 2,395 | 2,309 | 2,558 | 2,642 | 2,770 | 2,866 | 2,859 |
| Registration Fees | 282 | 285 | 279 | 335 | 309 | 354 | 348 |
| Investment Income ³ | 10,013 | 7,951 | 5,109 | (3,828) | (5,590) | 4,611 | 9,322 |
| <i>Total Additions to Plan Net Assets</i> | <i>13,342</i> | <i>11,143</i> | <i>8,614</i> | <i>(135)</i> | <i>(1,818)</i> | <i>8,636</i> | <i>13,272</i> |
| Deductions | | | | | | | |
| Benefits | 3,771 | 4,085 | 4,396 | 4,624 | 4,861 | 5,160 | 5,493 |
| Refunds | 158 | 82 | 142 | 86 | 130 | 60 | 144 |
| Administrative Expenses | 13 | 13 | 15 | 22 | 20 | 15 | 31 |
| Other ⁶ | 21 | 14 | 25 | | 19 | 48 | 152 |
| <i>Total Deductions to Plan Net Assets</i> | <i>3,963</i> | <i>4,194</i> | <i>4,578</i> | <i>4,732</i> | <i>5,030</i> | <i>5,283</i> | <i>5,820</i> |
| <i>Change in Net Assets</i> | <i>\$ 9,379</i> | <i>\$ 6,949</i> | <i>\$ 4,036</i> | <i>\$ (4,867)</i> | <i>\$ (6,848)</i> | <i>\$ 3,353</i> | <i>\$ 7,452</i> |

Contributions were made in accordance with actuarially determined and statutory requirements.

¹Includes Interest Reserve Buybacks.

²Includes Membership Fees, Retirement Incentive, Miscellaneous Revenue and Education Contributions.

³Includes Common Stock Dividends.

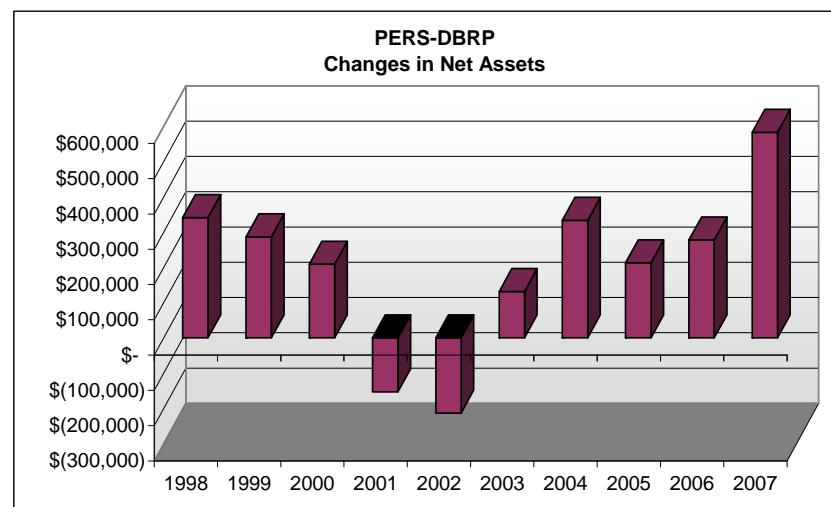
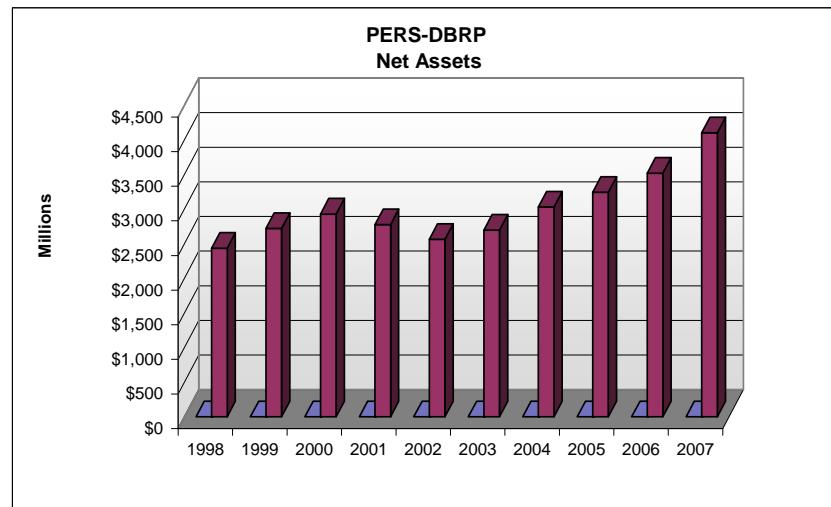
⁴Includes Operating Income.

⁵Includes Transfers to the DC, ORP, Prior Year Adjustments and Refunds to Other Plans.

⁶Includes Refunds to Other Plans.

STATISTICAL SECTION

| 2005 | 2006 | 2007 |
|------------|------------|------------|
| \$ 66,986 | \$ 66,145 | \$ 69,150 |
| 60,454 | 88,573 | 67,195 |
| 421 | 443 | 446 |
| 244,976 | 293,679 | 629,559 |
| <hr/> | <hr/> | <hr/> |
| 372,837 | 448,840 | 766,350 |
| <hr/> | <hr/> | <hr/> |
| 142,789 | 153,886 | 166,188 |
| 13,236 | 12,754 | 12,868 |
| 2,569 | 2,886 | 2,681 |
| 1,516 | 1,816 | 2,108 |
| 160,110 | 171,342 | 183,845 |
| <hr/> | <hr/> | <hr/> |
| \$ 212,727 | \$ 277,498 | \$ 582,505 |
| <hr/> | <hr/> | <hr/> |
| \$ 412 | \$ 333 | \$ 339 |
| 1,162 | 1,229 | 1,249 |
| 3,640 | 4,344 | 9,435 |
| <hr/> | <hr/> | <hr/> |
| 5,214 | 5,906 | 11,023 |
| <hr/> | <hr/> | <hr/> |
| 1,624 | 1,743 | 1,772 |
| 9 | 12 | 8 |
| <hr/> | <hr/> | <hr/> |
| 1,633 | 1,755 | 1,780 |
| <hr/> | <hr/> | <hr/> |
| \$ 3,581 | \$ 4,151 | \$ 9,243 |
| <hr/> | <hr/> | <hr/> |
| \$ 862 | \$ 851 | \$ 1,005 |
| 3,324 | 2,905 | 3,634 |
| 669 | 277 | 285 |
| <hr/> | <hr/> | <hr/> |
| 6,353 | 7,453 | 15,875 |
| <hr/> | <hr/> | <hr/> |
| 11,208 | 11,486 | 20,799 |
| <hr/> | <hr/> | <hr/> |
| 5,790 | 6,365 | 6,460 |
| 181 | 89 | 139 |
| 29 | 31 | 28 |
| <hr/> | <hr/> | <hr/> |
| 49 | 1 | 139 |
| <hr/> | <hr/> | <hr/> |
| 6,049 | 6,486 | 6,766 |
| <hr/> | <hr/> | <hr/> |
| \$ 5,159 | \$ 5,000 | \$ 14,033 |



STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Changes in Net Assets, Last Ten Fiscal Years

(In thousands)

| Fiscal Year | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|--|------------------|------------------|-----------------|-------------------|-------------------|------------------|------------------|
| SRS | | | | | | | |
| Additions | | | | | | | |
| Member Contributions ¹ | \$ 2,162 | \$ 2,160 | \$ 2,169 | \$ 2,262 | \$ 2,496 | \$ 2,669 | \$ 2,685 |
| Employer Contributions ² | 1,969 | 2,082 | 2,196 | 2,227 | 2,431 | 2,508 | 2,684 |
| Investment Income ³ | 15,081 | 13,115 | 8,223 | (6,379) | (9,152) | 8,164 | 16,404 |
| <i>Total Additions to Plan Net Assets</i> | <i>19,212</i> | <i>17,357</i> | <i>12,588</i> | <i>(1,890)</i> | <i>(4,225)</i> | <i>13,341</i> | <i>21,773</i> |
| Deductions | | | | | | | |
| Benefits | 1,743 | 2,364 | 2,930 | 3,294 | 3,700 | 4,307 | 4,903 |
| Refunds | 201 | 315 | 270 | 373 | 409 | 457 | 306 |
| Administrative Expenses | 24 | 22 | 29 | 43 | 40 | 32 | 55 |
| Other ⁵ | 2 | 12 | 5 | 5 | 37 | 18 | 12 |
| <i>Total Deductions to Plan Net Assets</i> | <i>1,970</i> | <i>2,713</i> | <i>3,234</i> | <i>3,715</i> | <i>4,186</i> | <i>4,814</i> | <i>5,276</i> |
| <i>Change in Net Assets</i> | <i>\$ 17,242</i> | <i>\$ 14,644</i> | <i>\$ 9,354</i> | <i>\$ (5,605)</i> | <i>\$ (8,411)</i> | <i>\$ 8,527</i> | <i>\$ 16,497</i> |
| GWPORS | | | | | | | |
| Additions | | | | | | | |
| Member Contributions ¹ | \$ 790 | \$ 941 | \$ 1,079 | \$ 1,306 | \$ 1,846 | \$ 2,293 | \$ 2,714 |
| Employer Contributions | 818 | 931 | 1,100 | 1,366 | 1,595 | 1,835 | 2,021 |
| Investment Income ³ | 3,848 | 3,328 | 2,105 | (1,599) | (2,564) | 2,541 | 5,073 |
| <i>Total Additions to Plan Net Assets</i> | <i>5,456</i> | <i>5,200</i> | <i>4,284</i> | <i>1,073</i> | <i>877</i> | <i>6,669</i> | <i>9,808</i> |
| Deductions | | | | | | | |
| Benefits | 1,123 | 1,153 | 1,211 | 1,235 | 1,230 | 1,316 | 1,460 |
| Refunds | 34 | 73 | 125 | 212 | 317 | 355 | 500 |
| Administrative Expenses | 12 | 14 | 19 | 30 | 30 | 25 | 42 |
| Other ⁵ | | | 7 | 4 | 14 | | 4 |
| <i>Total Deductions to Plan Net Assets</i> | <i>1,169</i> | <i>1,240</i> | <i>1,362</i> | <i>1,481</i> | <i>1,591</i> | <i>1,696</i> | <i>2,006</i> |
| <i>Change in Net Assets</i> | <i>\$ 4,287</i> | <i>\$ 3,960</i> | <i>\$ 2,922</i> | <i>\$ (408)</i> | <i>\$ (714)</i> | <i>\$ 4,973</i> | <i>\$ 7,802</i> |
| MPORS | | | | | | | |
| Additions | | | | | | | |
| Member Contributions ¹ | \$ 1,961 | \$ 2,154 | \$ 1,938 | \$ 1,914 | \$ 2,171 | \$ 2,254 | \$ 2,313 |
| Employer Contributions | 2,635 | 2,704 | 2,935 | 3,015 | 3,273 | 3,502 | 3,612 |
| State Contributions ⁴ | 5,265 | 5,576 | 5,909 | 6,148 | 6,529 | 6,798 | 7,208 |
| Investment Income ³ | 14,890 | 12,434 | 8,074 | (6,165) | (9,220) | 8,530 | 16,392 |
| <i>Total Additions to Plan Net Assets</i> | <i>24,751</i> | <i>22,868</i> | <i>18,856</i> | <i>4,912</i> | <i>2,753</i> | <i>21,084</i> | <i>29,525</i> |
| Deductions | | | | | | | |
| Benefits | 7,697 | 8,279 | 8,653 | 9,125 | 9,845 | 10,426 | 10,885 |
| Refunds | 282 | 299 | 298 | 386 | 345 | 326 | 337 |
| Administrative Expenses | 33 | 33 | 37 | 55 | 49 | 40 | 70 |
| Other ⁵ | 37 | 31 | 16 | 44 | 3 | 47 | 52 |
| <i>Total Deductions to Plan Net Assets</i> | <i>8,049</i> | <i>8,642</i> | <i>9,004</i> | <i>9,610</i> | <i>10,242</i> | <i>10,839</i> | <i>11,344</i> |
| <i>Change in Net Assets</i> | <i>\$ 16,702</i> | <i>\$ 14,226</i> | <i>\$ 9,852</i> | <i>\$ (4,698)</i> | <i>\$ (7,489)</i> | <i>\$ 10,245</i> | <i>\$ 18,181</i> |

Contributions were made in accordance with actuarially determined and statutory contribution requirements.

¹ Includes Interest Reserve Buybacks.

² Includes Retirement Incentive and Miscellaneous Revenue.

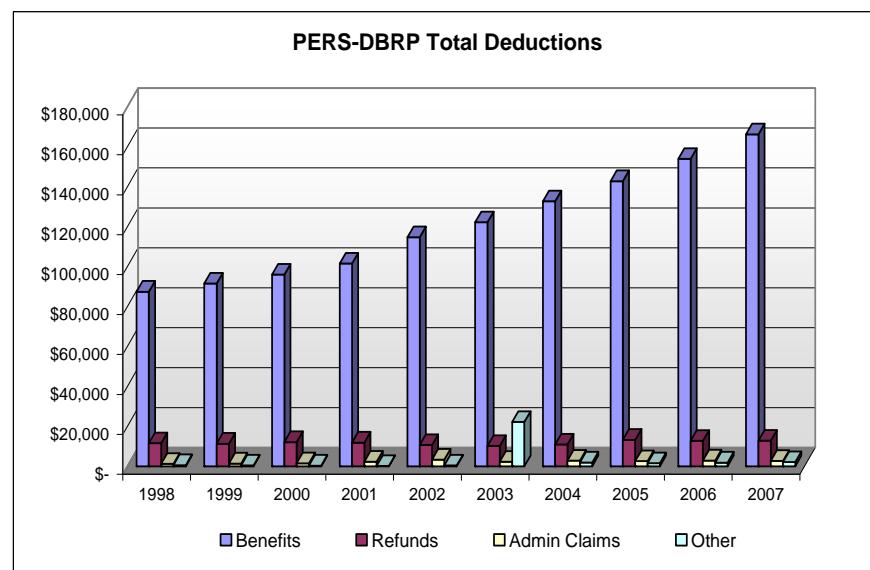
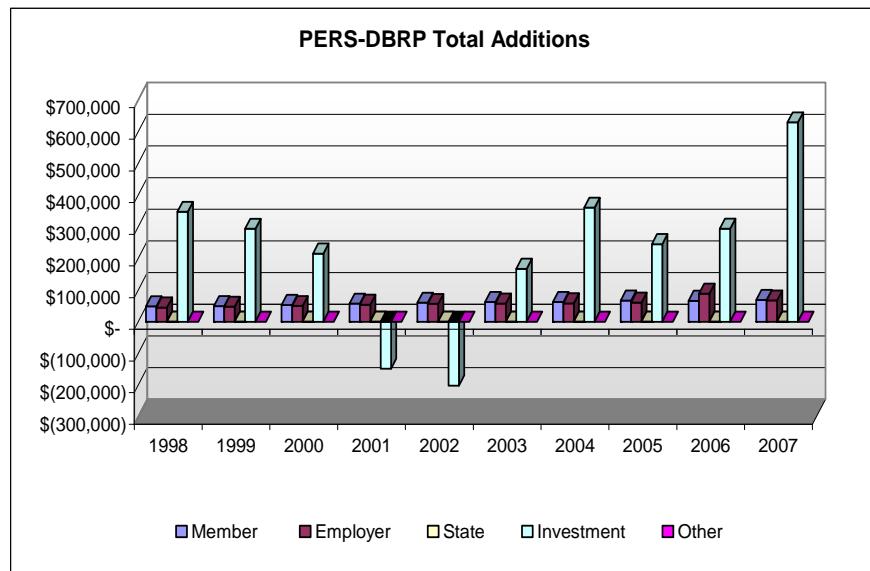
³ Includes Common Stock Dividends.

⁴ Includes Percent of Salary.

⁵ Includes Refunds to Other Plans.

STATISTICAL SECTION

| 2005 | 2006 | 2007 |
|------------------|------------------|------------------|
| \$ 2,988 | \$ 3,721 | \$ 4,921 |
| 2,813 | 3,524 | 4,386 |
| 11,381 | 13,566 | 29,732 |
| 17,182 | 20,811 | 39,039 |
| | | |
| 5,527 | 6,152 | 6,769 |
| 611 | 365 | 934 |
| 57 | 78 | 77 |
| 22 | 17 | 82 |
| 6,217 | 6,612 | 7,862 |
| \$ 10,965 | \$ 14,199 | \$ 31,177 |
| | | |
| \$ 3,023 | \$ 3,027 | \$ 3,199 |
| 2,054 | 2,391 | 2,638 |
| 3,696 | 4,594 | 10,838 |
| 8,773 | 10,012 | 16,675 |
| | | |
| 1,539 | 1,835 | 2,085 |
| 607 | 477 | 702 |
| 42 | 49 | 47 |
| 6 | 13 | |
| 2,194 | 2,374 | 2,834 |
| \$ 6,579 | \$ 7,638 | \$ 13,841 |
| | | |
| \$ 2,425 | \$ 2,549 | \$ 2,709 |
| 3,791 | 4,035 | 4,283 |
| 7,705 | 8,182 | 8,677 |
| 11,707 | 14,091 | 31,080 |
| 25,628 | 28,857 | 46,749 |
| | | |
| 11,363 | 12,032 | 12,691 |
| 786 | 551 | 688 |
| 65 | 68 | 70 |
| 12 | 48 | 29 |
| 12,226 | 12,699 | 13,478 |
| \$ 13,402 | \$ 16,158 | \$ 33,271 |



STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Changes in Net Assets, Last Ten Fiscal Years

(In thousands)

| Fiscal Year | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|--|------------------|------------------|-----------------|-------------------|-------------------|-----------------|------------------|
| FURS | | | | | | | |
| Additions | | | | | | | |
| Member Contributions ¹ | \$ 1,560 | \$ 1,679 | \$ 1,697 | \$ 1,742 | \$ 1,874 | \$ 2,141 | \$ 2,213 |
| Employer Contributions | 2,142 | 2,284 | 2,326 | 2,373 | 2,521 | 2,802 | 2,796 |
| State ² | 4,796 | 5,075 | 5,277 | 5,369 | 5,764 | 6,006 | 6,533 |
| Investment Income ³ | 14,144 | 12,108 | 7,597 | (5,997) | (8,845) | 8,066 | 15,692 |
| <i>Total Additions to Plan Net Assets</i> | <i>22,642</i> | <i>21,146</i> | <i>16,897</i> | <i>3,487</i> | <i>1,314</i> | <i>19,015</i> | <i>27,234</i> |
| Deductions | | | | | | | |
| Benefits | 6,494 | 6,995 | 7,518 | 8,018 | 8,508 | 9,081 | 9,674 |
| Refunds | 24 | 61 | 46 | 44 | 80 | 83 | 77 |
| Administrative Expenses | 27 | 26 | 30 | 43 | 40 | 30 | 53 |
| Other ⁴ | | | | | | | 2 |
| <i>Total Deductions to Plan Net Assets</i> | <i>6,545</i> | <i>7,082</i> | <i>7,594</i> | <i>8,105</i> | <i>8,628</i> | <i>9,194</i> | <i>9,806</i> |
| <i>Change in Net Assets</i> | <i>\$ 16,097</i> | <i>\$ 14,064</i> | <i>\$ 9,303</i> | <i>\$ (4,618)</i> | <i>\$ (7,314)</i> | <i>\$ 9,821</i> | <i>\$ 17,428</i> |
| VFCA | | | | | | | |
| Additions | | | | | | | |
| State | \$ 928 | \$ 944 | \$ 961 | \$ 1,003 | \$ 1,134 | \$ 1,310 | \$ 1,434 |
| Investment Income ³ | 1,875 | 1,463 | 1,078 | (260) | (591) | 1,259 | 2,271 |
| <i>Total Additions to Plan Net Assets</i> | <i>2,803</i> | <i>2,407</i> | <i>2,039</i> | <i>743</i> | <i>543</i> | <i>2,569</i> | <i>3,705</i> |
| Deductions | | | | | | | |
| Benefits | 772 | 814 | 844 | 882 | 1,411 | 1,412 | 1,479 |
| Insurance Payments | 13 | 11 | 11 | 12 | 13 | 12 | 12 |
| Administrative Expenses | 23 | 24 | 28 | 42 | 38 | 30 | 40 |
| <i>Total Deductions to Plan Net Assets</i> | <i>808</i> | <i>849</i> | <i>883</i> | <i>936</i> | <i>1,462</i> | <i>1,454</i> | <i>1,531</i> |
| <i>Change in Net Assets</i> | <i>\$ 1,995</i> | <i>\$ 1,558</i> | <i>\$ 1,156</i> | <i>\$ (193)</i> | <i>\$ (919)</i> | <i>\$ 1,115</i> | <i>\$ 2,174</i> |

Contributions were made in accordance with actuarially determined and statutory requirements.

¹ Includes Interest Reserve Buybacks.

² Includes Percent of Salary.

³ Includes Common Stock Dividends.

⁴ Includes Refunds to Other Plans.

STATISTICAL SECTION

| 2005 | 2006 | 2007 |
|------------------|------------------|------------------|
| \$ 2,330 | \$ 2,472 | \$ 2,619 |
| 2,959 | 3,328 | 3,520 |
| 6,719 | 7,533 | 7,957 |
| 11,140 | 13,409 | 29,577 |
| 23,148 | 26,742 | 43,673 |
| | | |
| 10,386 | 11,040 | 11,851 |
| 101 | 45 | 241 |
| 53 | 58 | 56 |
| 10,540 | 11,143 | 12,148 |
| \$ 12,608 | \$ 15,599 | \$ 31,525 |
| | | |
| \$ 1,527 | \$ 1,611 | \$ 1,661 |
| 1,550 | 1,853 | 4,103 |
| 3,077 | 3,464 | 5,764 |
| | | |
| 1,517 | 1,564 | 1,637 |
| 11 | 11 | 13 |
| 47 | 48 | 50 |
| 1,575 | 1,623 | 1,700 |
| \$ 1,502 | \$ 1,841 | \$ 4,064 |

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Changes in Net Assets, Last Ten Fiscal Years¹

(In thousands)

| Fiscal Year | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
|--|-----------|-----------|------------|-----------|-----------|-----------|------------------|------------------|
| PERS-DCRP | | | | | | | | |
| Additions | | | | | | | | |
| Member Contributions | | | \$ 10,389 | \$ 2,661 | \$ 3,184 | \$ 3,699 | \$ 4,394 | |
| Employer Contributions | | | 6,130 | 1,781 | 1,856 | 2,319 | 2,857 | |
| Investment Income | | | 551 | 2,381 | 1,768 | 2,098 | 5,415 | |
| Other ² | | | 63 | 262 | 371 | 487 | 1,893 | |
| <i>Total Additions to Plan Net Assets</i> | | | 17,133 | 7,085 | 7,179 | 8,603 | 14,559 | |
| Deductions | | | | | | | | |
| Refunds | | | 629 | 2,240 | 1,873 | 1,570 | 2,632 | |
| Administrative Expenses | | | 552 | 214 | 231 | 227 | 253 | |
| Other ³ | | | 14 | 214 | 256 | 295 | 282 | |
| <i>Total Deductions to Plan Net Assets</i> | | | 1,195 | 2,668 | 2,360 | 2,092 | 3,167 | |
| <i>Change in Net Assets</i> | | | \$ 15,938 | \$ 4,417 | \$ 4,819 | \$ 6,511 | \$ 11,392 | |
| DEFERRED COMPENSATION PLAN | | | | | | | | |
| Additions | | | | | | | | |
| Member Contributions | \$ 12,294 | \$ 12,010 | \$ 13,314 | \$ 14,725 | \$ 14,623 | \$ 15,501 | \$ 16,990 | \$ 17,712 |
| Employer Contributions | | 21 | 46 | 44 | 40 | 55 | 52 | 74 |
| Investment Income | 14,760 | (2,962) | (4,434) | 8,542 | 16,152 | 15,267 | 3,618 | 37,102 |
| Other ⁴ | 371 | 233 | 223 | 256 | 267 | 167 | 209 | 277 |
| <i>Total Additions to Plan Net Assets</i> | 27,425 | 9,302 | 9,149 | 23,567 | 31,082 | 30,990 | 20,869 | 55,165 |
| Deductions | | | | | | | | |
| Refunds | 6,944 | 7,102 | 11,460 | 10,648 | 14,446 | 15,592 | 11,443 | 14,693 |
| Administrative Expenses | 71 | 175 | 242 | 218 | 170 | 289 | 204 | 225 |
| Other ⁵ | 157 | 162 | 811 | 780 | 800 | 698 | 737 | 781 |
| <i>Total Deductions to Plan Net Assets</i> | 7,172 | 7,439 | 12,513 | 11,646 | 15,416 | 16,579 | 12,384 | 15,699 |
| <i>Change in Net Assets</i> | \$ 20,253 | \$ 1,863 | \$ (3,364) | \$ 11,921 | \$ 15,666 | \$ 14,411 | \$ 8,485 | \$ 39,466 |

¹ The implementations of the Defined Contribution Retirement Plan was July 2, 2002 and MPERA began administering the (457) Deferred Compensation Plan July 1, 1999.

² Includes Miscellaneous Revenues and Forfeitures.

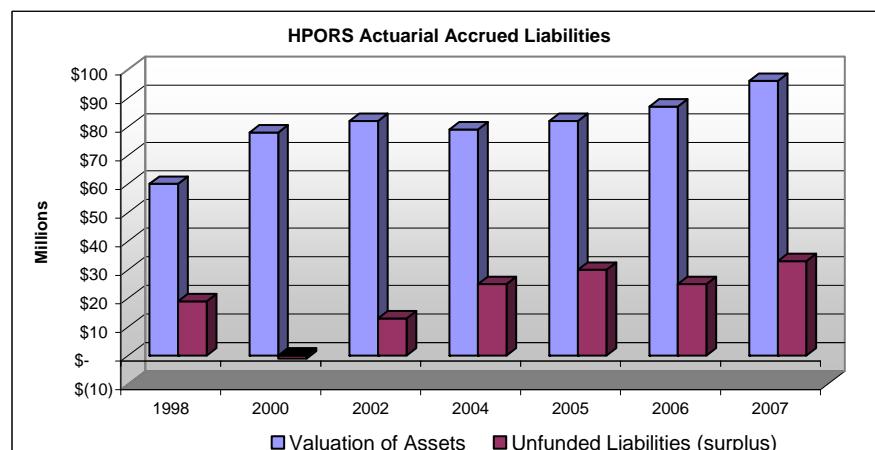
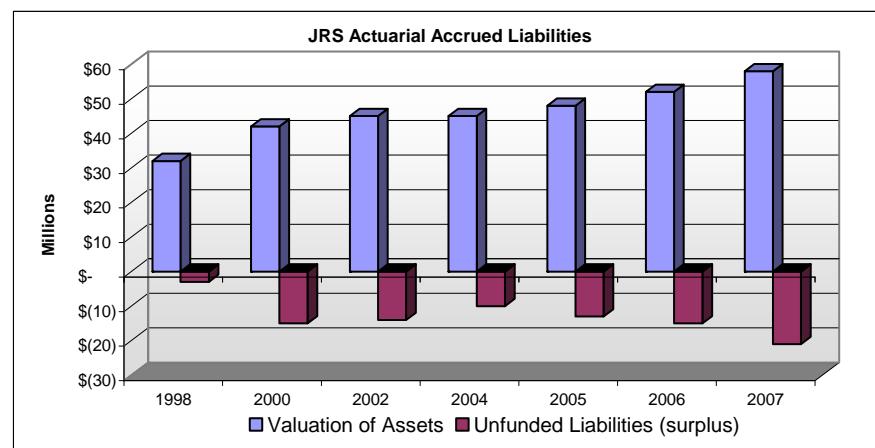
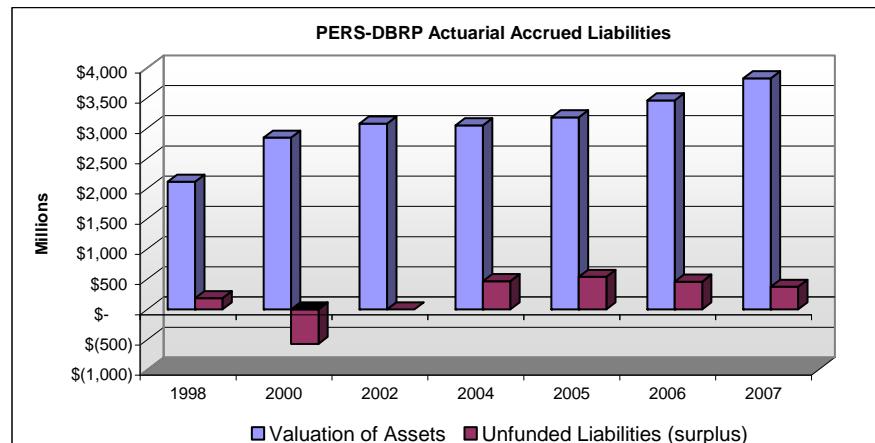
³ Fees paid to Great West and Aegon for services provided.

⁴ Miscellaneous revenue remitted to MPERA to pay administrative costs.

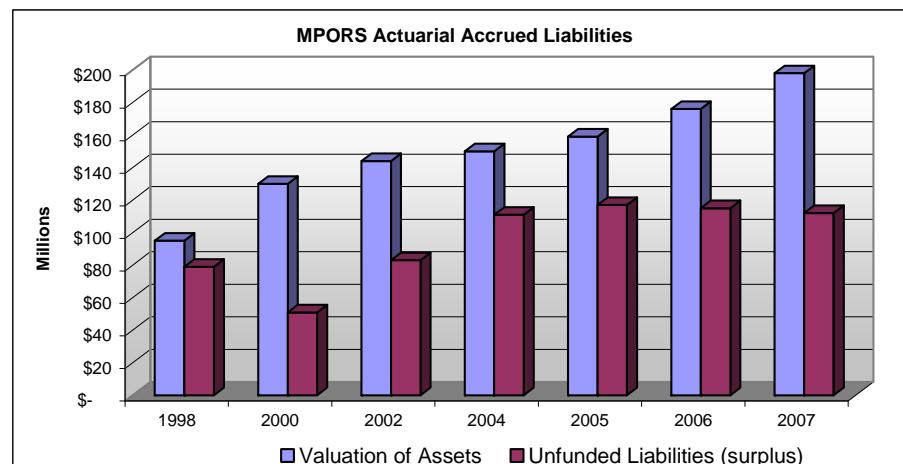
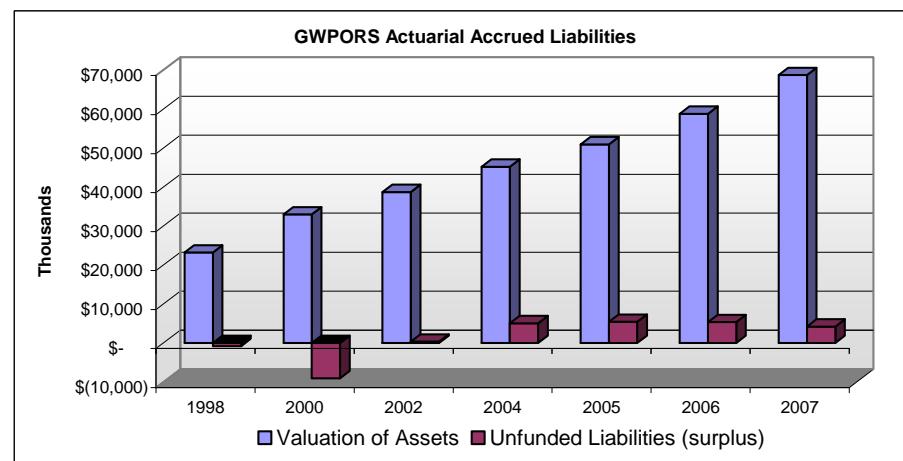
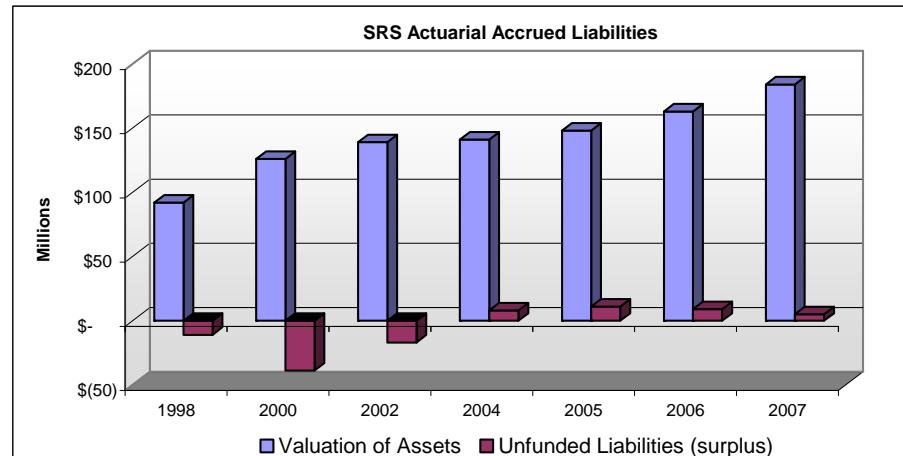
⁵ Fees paid to Great West, Aegon and Allianz for services provided.

Public Employees' Retirement Board

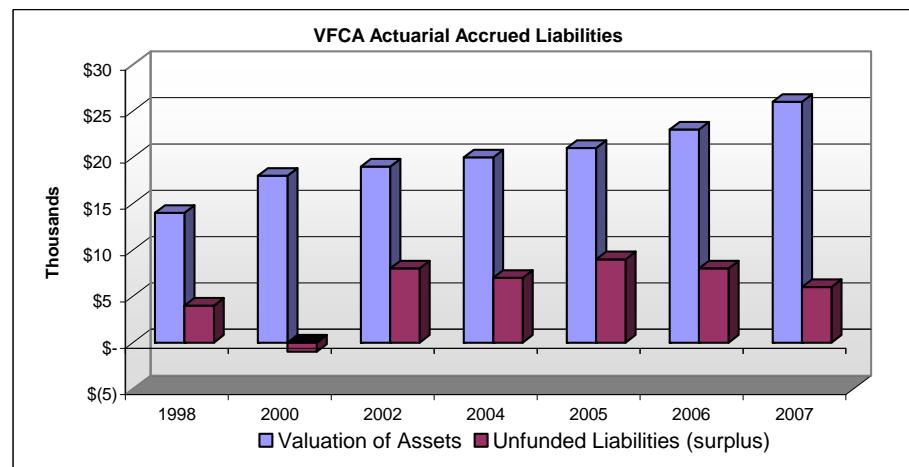
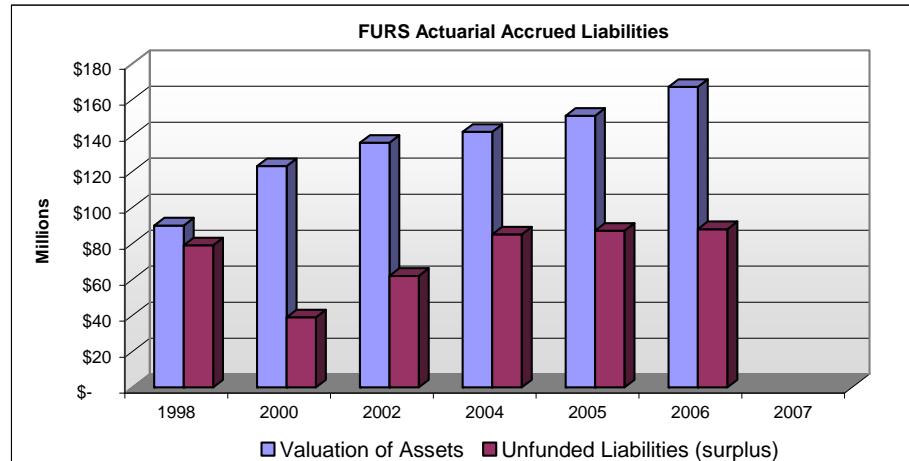
A Component Unit of the State of Montana History of Actuarial Accrued Liabilities



Public Employees' Retirement Board
A Component Unit of the State of Montana
History of Actuarial Accrued Liabilities (cont.)



Public Employees' Retirement Board
A Component Unit of the State of Montana
History of Actuarial Accrued Liabilities (cont.)



STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

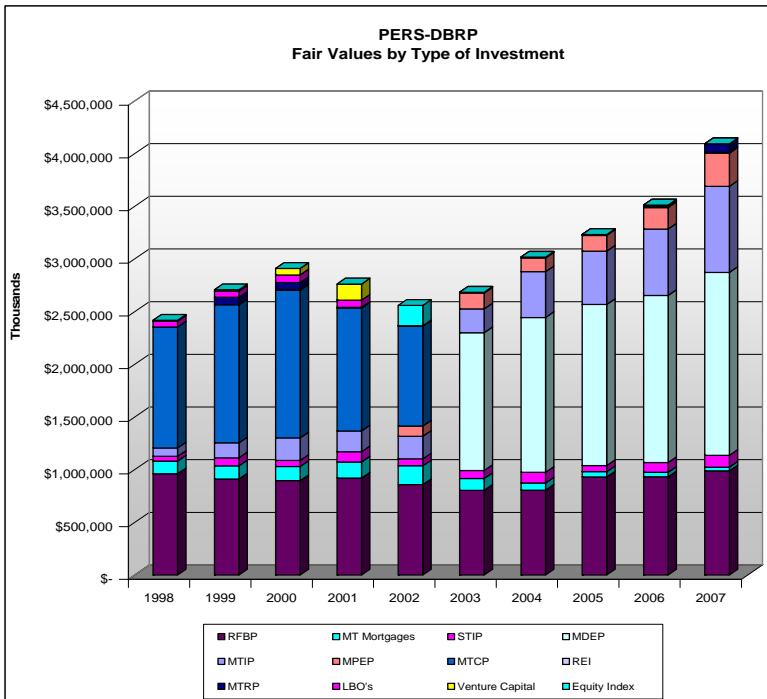
Schedule of Fair Values by Type of Investment, Last Ten Years

(in thousands)

| System | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| PERS-DBRP | | | | | | | |
| <i>Fixed Income:</i> | | | | | | | |
| Retirement Funds Bond Pool (RFBP) | \$ 960,282 | \$ 912,162 | \$ 895,919 | \$ 920,352 | \$ 858,467 | \$ 804,470 | \$ 805,840 |
| Montana Mortgages | 121,779 | 124,507 | 134,396 | 152,021 | 178,442 | 112,079 | 66,755 |
| Short Term Investment Pool (STIP) | 44,546 | 76,341 | 57,752 | 97,637 | 65,339 | 75,120 | 102,343 |
| <i>Equities:</i> | | | | | | | |
| Montana Dometric Equity Pool (MDEP) | 79,847 | 140,462 | 213,360 | 196,692 | 215,598 | 1,308,884 | 1,469,963 |
| Montana International Pool (MTIP) | | | | | | 225,347 | 434,917 |
| Montana Private Equity Pool (MPEP) | | | | | | 95,927 | 150,960 |
| Montana Stock Pool (MTCP) | 1,147,593 | 1,312,022 | 1,401,362 | 1,167,554 | 946,375 | | 128,797 |
| <i>Alternative Investments:</i> | | | | | | | |
| Real Estate Investments (REI) | | | 6,601 | | 7,035 | 7,035 | |
| Montana Real Estate Pool (MTRP) | | 71,597 | 66,935 | | | 7,246 | 8,409 |
| Leveraged Buy-Outs (LBO's) | 54,464 | 56,644 | 72,930 | 67,250 | | | |
| Venture Capital | 10,740 | 14,543 | 61,621 | 153,616 | | | |
| Equity Index | | | | | 192,493 | | |
| Total | \$ 2,419,251 | \$ 2,708,278 | \$ 2,910,876 | \$ 2,762,157 | \$ 2,559,676 | \$ 2,684,106 | \$ 3,017,024 |
| JRS | | | | | | | |
| <i>Fixed Income:</i> | | | | | | | |
| Retirement Funds Bond Pool (RFBP) | \$ 16,663 | \$ 15,910 | \$ 15,506 | \$ 15,733 | \$ 14,878 | \$ 14,046 | \$ 13,024 |
| Short Term Investment Pool (STIP) | 715 | 1,202 | 850 | 1,200 | 1,036 | 837 | 1,733 |
| <i>Equities:</i> | | | | | | | |
| Montana Dometric Equity Pool (MDEP) | 959 | 2,052 | 3,266 | 2,710 | 2,995 | 19,162 | 21,739 |
| Montana International Pool (MTIP) | | | | | | 3,294 | 6,393 |
| Montana Private Equity Pool (MPEP) | | | | | | 1,353 | 2,243 |
| Montana Stock Pool (MTCP) | 16,809 | 18,936 | 20,283 | 17,712 | 14,012 | | 1,906 |
| <i>Alternative Investments:</i> | | | | | | | |
| Montana Real Estate Pool (MTRP) | | 988 | 987 | | | | |
| Leveraged Buy-Outs (LBO's) | 1,089 | 1,133 | 1,913 | 3,185 | | | |
| Equity Index | | | | | 2,900 | | |
| Total | \$ 36,235 | \$ 40,221 | \$ 42,805 | \$ 40,540 | \$ 37,174 | \$ 39,582 | \$ 44,795 |
| HPORS | | | | | | | |
| <i>Fixed Income:</i> | | | | | | | |
| Retirement Funds Bond Pool (RFBP) | \$ 31,747 | \$ 30,312 | \$ 28,538 | \$ 28,878 | \$ 27,230 | \$ 25,178 | \$ 23,018 |
| Short Term Investment Pool (STIP) | 1,415 | 2,051 | 1,931 | 2,625 | 832 | 1,501 | 2,430 |
| <i>Equities:</i> | | | | | | | |
| Montana Dometric Equity Pool (MDEP) | 1,438 | 3,079 | 5,081 | 5,018 | 5,590 | 34,191 | 38,192 |
| Montana International Pool (MTIP) | | | | | | 5,883 | 11,296 |
| Montana Private Equity Pool (MPEP) | | | | | | 2,468 | 3,933 |
| Montana Stock Pool (MTCP) | 31,851 | 35,882 | 38,435 | 32,490 | 25,563 | | 3,375 |
| <i>Alternative Investments:</i> | | | | | | | |
| Montana Real Estate Pool (MTRP) | | 1,862 | 1,860 | | | | |
| Leveraged Buy-Outs (LBO's) | 1,633 | 1,669 | 2,870 | 5,324 | | | |
| Equity Index | | | | | 5,729 | | |
| Total | \$ 68,084 | \$ 74,855 | \$ 78,715 | \$ 74,335 | \$ 67,412 | \$ 70,686 | \$ 78,311 |
| SRS | | | | | | | |
| <i>Fixed Income:</i> | | | | | | | |
| Retirement Funds Bond Pool (RFBP) | \$ 47,270 | \$ 45,401 | \$ 45,386 | \$ 47,203 | \$ 45,736 | \$ 43,639 | \$ 40,680 |
| Short Term Investment Pool (STIP) | 3,512 | 4,902 | 5,414 | 5,872 | 3,338 | 3,186 | 5,055 |
| <i>Equities:</i> | | | | | | | |
| Montana Dometric Equity Pool (MDEP) | 1,917 | 4,105 | 6,897 | 8,289 | 9,593 | 59,059 | 68,112 |
| Montana International Pool (MTIP) | | | | | | 10,250 | 20,127 |
| Montana Private Equity Pool (MPEP) | | | | | | 4,167 | 6,906 |
| Montana Stock Pool (MTCP) | 49,977 | 59,866 | 64,125 | 53,611 | 43,178 | | 5,936 |
| <i>Alternative Investments:</i> | | | | | | | |
| Montana Real Estate Pool (MTRP) | | 2,912 | 2,910 | | | | |
| Leveraged Buy-Outs (LBO's) | 2,179 | 2,266 | 3,826 | 8,227 | | | |
| Equity Index | | | | | 8,875 | | |
| Total | \$ 104,855 | \$ 119,452 | \$ 128,558 | \$ 123,202 | \$ 114,887 | \$ 123,040 | \$ 139,910 |

STATISTICAL SECTION

| 2005 | 2006 | 2007 |
|---------------------|---------------------|---------------------|
| \$ 930,369 | \$ 932,048 | \$ 987,821 |
| 50,658 | 43,097 | 36,861 |
| 58,112 | 92,362 | 111,318 |
| | | |
| 1,529,418 | 1,586,747 | 1,735,718 |
| 505,112 | 630,135 | 818,362 |
| 150,595 | 203,406 | 315,059 |
| | | |
| 8,525 | 8,636 | 8,816 |
| | 15,200 | 79,459 |
| | | |
| \$ 3,232,789 | \$ 3,511,631 | \$ 4,093,414 |
| | | |
| | | |
| \$ 14,655 | \$ 14,685 | \$ 15,576 |
| 1,284 | 1,519 | 1,770 |
| | | |
| 22,749 | 23,744 | 26,348 |
| 7,507 | 9,365 | 12,162 |
| 2,229 | 3,047 | 4,744 |
| | | |
| 225 | | 1,206 |
| | | |
| \$ 48,424 | \$ 52,585 | \$ 61,806 |
| | | |
| | | |
| \$ 25,244 | \$ 24,889 | \$ 25,897 |
| 1,978 | 2,134 | 2,785 |
| | | |
| 39,376 | 40,232 | 43,439 |
| 13,035 | 15,795 | 20,513 |
| 3,946 | 5,178 | 7,979 |
| | | |
| 380 | | 2,004 |
| | | |
| \$ 83,579 | \$ 88,608 | \$ 102,617 |
| | | |
| | | |
| \$ 45,890 | \$ 45,822 | \$ 49,551 |
| 3,441 | 5,182 | 5,526 |
| | | |
| 71,278 | 74,633 | 84,481 |
| 23,457 | 29,263 | 38,004 |
| 6,941 | 9,508 | 14,859 |
| | | |
| 710 | | 3,796 |
| | | |
| \$ 151,007 | \$ 165,118 | \$ 196,217 |



STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Fair Values by Type of Investment, Last Ten Years (cont.) (in thousands)

| System | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| GWPRS | | | | | | | |
| <i>Fixed Income:</i> | | | | | | | |
| Retirement Funds Bond Pool (RFBP) | \$ 11,986 | \$ 11,512 | \$ 11,508 | \$ 12,366 | \$ 12,658 | \$ 12,921 | \$ 12,837 |
| Short Term Investment Pool (STIP) | 890 | 1,368 | 2,248 | 1,337 | 1,875 | 1,691 | 2,472 |
| <i>Equities:</i> | | | | | | | |
| Montana Dometric Equity Pool (MDEP) | 479 | 1,026 | 1,694 | 2,396 | 2,555 | 17,476 | 21,521 |
| Montana International Pool (MTIP) | | | | | | 2,996 | 6,372 |
| Montana Private Equity Pool (MPEP) | | | | | 1,115 | 2,058 | 1,856 |
| Montana Stock Pool (MTCP) | 12,638 | 15,239 | 16,323 | 14,689 | 11,576 | | |
| <i>Alternative Investments:</i> | | | | | | | |
| Montana Real Estate Pool (MTRP) | | 736 | 736 | | | | |
| Leveraged Buy-Outs (LBO's) | 545 | 566 | 957 | 2,315 | | | |
| Equity Index | | | | | 2,586 | | |
| Total | \$ 26,538 | \$ 30,447 | \$ 33,466 | \$ 33,103 | \$ 32,365 | \$ 37,142 | \$ 45,058 |
| MPORS | | | | | | | |
| <i>Fixed Income:</i> | | | | | | | |
| Retirement Funds Bond Pool (RFBP) | \$ 46,656 | \$ 45,668 | \$ 45,073 | \$ 47,732 | \$ 46,045 | \$ 43,873 | \$ 41,584 |
| Short Term Investment Pool (STIP) | 2,115 | 2,386 | 2,492 | 2,689 | 1,568 | 1,446 | 3,403 |
| <i>Equities:</i> | | | | | | | |
| Montana Dometric Equity Pool (MDEP) | 1,917 | 4,105 | 6,897 | 8,299 | 9,695 | 59,430 | 69,175 |
| Montana International Pool (MTIP) | | | | | | 10,833 | 20,458 |
| Montana Private Equity Pool (MPEP) | | | | | 4,167 | 6,975 | 6,105 |
| Montana Stock Pool (MTCP) | 49,341 | 58,883 | 63,073 | 53,867 | 42,820 | | |
| <i>Alternative Investments:</i> | | | | | | | |
| Montana Real Estate Pool (MTRP) | | 2,876 | 2,874 | | | | |
| Leveraged Buy-Outs (LBO's) | 2,179 | 2,266 | 3,826 | 8,086 | | | |
| Equity Index | | | | | 8,271 | | |
| Total | \$ 102,208 | \$ 116,184 | \$ 124,235 | \$ 120,673 | \$ 112,566 | \$ 122,557 | \$ 140,725 |
| FURS | | | | | | | |
| <i>Fixed Income:</i> | | | | | | | |
| Retirement Funds Bond Pool (RFBP) | \$ 43,685 | \$ 42,831 | \$ 42,273 | \$ 45,197 | \$ 43,775 | \$ 41,757 | \$ 39,592 |
| Short Term Investment Pool (STIP) | 3,000 | 2,464 | 3,899 | 3,335 | 1,349 | 1,641 | 3,414 |
| <i>Equities:</i> | | | | | | | |
| Montana Dometric Equity Pool (MDEP) | 1,438 | 3,079 | 5,325 | 7,966 | 9,337 | 56,638 | 65,851 |
| Montana International Pool (MTIP) | | | | | | 10,235 | 19,469 |
| Montana Private Equity Pool (MPEP) | | | | | 3,929 | 6,546 | 5,813 |
| Montana Stock Pool (MTCP) | 47,411 | 58,047 | 62,177 | 51,462 | 40,946 | | |
| <i>Alternative Investments:</i> | | | | | | | |
| Montana Real Estate Pool (MTRP) | | 2,752 | 2,750 | | | | |
| Leveraged Buy-Outs (LBO's) | 1,634 | 1,699 | 2,870 | 7,260 | | | |
| Equity Index | | | | | 8,002 | | |
| Total | \$ 97,168 | \$ 110,872 | \$ 119,294 | \$ 115,220 | \$ 107,338 | \$ 116,817 | \$ 134,139 |
| VFCA | | | | | | | |
| <i>Fixed Income:</i> | | | | | | | |
| Retirement Funds Bond Pool (RFBP) | \$ 8,810 | \$ 8,361 | \$ 8,304 | \$ 8,805 | \$ 7,838 | \$ 5,964 | \$ 5,617 |
| Short Term Investment Pool (STIP) | 274 | 259 | 93 | 192 | 1,811 | 1,414 | 180 |
| <i>Equities:</i> | | | | | | | |
| Montana Dometric Equity Pool (MDEP) | 479 | 1,026 | 1,572 | 1,286 | 1,262 | 8,134 | 9,221 |
| Montana International Pool (MTIP) | | | | | 628 | 1,379 | 2,746 |
| Montana Private Equity Pool (MPEP) | | | | | 5,097 | 4,100 | 848 |
| Montana Stock Pool (MTCP) | 4,104 | 5,293 | 5,669 | | | | |
| <i>Alternative Investments:</i> | | | | | | | |
| Montana Real Estate Pool (MTRP) | | 248 | 248 | | | | |
| Leveraged Buy-Outs (LBO's) | 545 | 566 | 957 | 1,298 | | | |
| Equity Index | | | | | 1,194 | | |
| Total | \$ 14,212 | \$ 15,753 | \$ 16,843 | \$ 16,678 | \$ 16,833 | \$ 17,860 | \$ 18,612 |

STATISTICAL SECTION

| 2005 | 2006 | 2007 |
|---------------------------|----------------------------|----------------------------|
| \$ 15,471 3,292 | \$ 15,806 2,782 | \$ 18,332 2,536 |
| 23,111 7,705 2,170 | 26,705 10,518 3,330 | 31,082 14,344 5,497 |
| 255 | 1,404 | |
| \$ 51,749 | \$ 59,396 | \$ 73,195 |
| | | |
| \$ 47,395 2,246 | \$ 46,944 4,338 | \$ 51,176 4,404 |
| 72,390 24,555 7,138 | 76,683 30,633 10,089 | 87,099 39,784 15,547 |
| 730 | 4,102 | |
| \$ 153,724 | \$ 169,417 | \$ 202,112 |
| | | |
| \$ 44,975 2,641 | \$ 44,650 4,241 | \$ 48,813 4,488 |
| 68,911 23,361 6,797 | 73,144 29,143 9,587 | 82,766 37,848 14,850 |
| 700 | 3,744 | |
| \$ 146,685 | \$ 161,465 | \$ 192,509 |
| | | |
| \$ 6,170 512 | \$ 6,233 1,870 | \$ 6,542 2,194 |
| 9,096 3,294 992 | 9,872 4,023 1,341 | 11,043 5,258 1,951 |
| 95 | 504 | |
| \$ 20,064 | \$ 23,434 | \$ 27,492 |

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Fair Values by Type of Investment, Last Ten Years¹ (cont.) (in thousands)

| System | 2000 | 2001 | 2002 | 2003 | 2004 |
|--|------------|------------|------------|------------|------------|
| PERS-DCRP | | | | | |
| Defined Contributions Fixed Annuity | | | | \$ 407 | \$ 914 |
| Defined Contributions Variable Annuity | | | | 8,831 | 19,566 |
| Total | | | | \$ 9,238 | \$ 20,480 |
| | | | | | |
| DEFERRED COMPENSATION PLAN | | | | | |
| Deferred Comp Fixed Annuity | \$ 40,357 | \$ 114,387 | \$ 122,729 | \$ 137,687 | \$ 143,162 |
| Deferred Comp Trust Fund Bond | 63,184 | | | | |
| Deferred Comp Variable Annuity | 94,864 | 82,044 | 71,460 | 67,329 | 81,202 |
| Deferred Comp Life Insurance | 12 | 12 | 12 | 12 | 12 |
| Total | \$ 198,417 | \$ 196,443 | \$ 194,201 | \$ 205,028 | \$ 224,376 |

¹The implementation of the Defined Contribution Retirement Plan was July 1, 2002 and MPERA began administering the (457) Deferred Compensation Plan July 1, 1999.

STATISTICAL SECTION

| 2005 | 2006 | 2007 |
|-------------------|-------------------|-------------------|
| \$ 1,546 | \$ 1,832 | \$ 1,805 |
| 23,402 | 26,102 | 38,634 |
| \$ 24,948 | \$ 27,934 | \$ 40,439 |
| <hr/> | | |
| \$ 152,215 | \$ 143,870 | \$ 159,669 |
| 86,916 | 104,061 | 128,873 |
| 12 | 12 | 12 |
| \$ 239,143 | \$ 247,943 | \$ 288,554 |

STATISTICAL SECTION

This page intentionally left blank

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana **Schedule of Contribution Rate History**

PERS-DBRP

| Fiscal Year | Member | Employer | Local Govt & School Districts | |
|------------------------|---------------|-----------------|--|--------------|
| | | | Employer | State |
| 2000-2007 | 6.900% | 6.900% | 6.800% | 0.100% |
| 1998-1999 | 6.800% | 6.800% | 6.700% | 0.100% |
| 1994-1997 | 6.700% | 6.700% | 6.700% | |
| 1993 | 6.550% | 6.550% | 6.550% | |
| 1992 | 6.417% | 6.417% | 6.417% | |
| 1991 | 6.300% | 6.417% | 6.417% | |
| 1990 | 6.150% | 6.417% | 6.417% | |
| 1984-1989 | 6.000% | 6.417% | 6.417% | |
| 1982-1983 | 6.000% | 6.320% | 6.320% | |
| 1979-1981 | 6.000% | 6.200% | 6.200% | |
| 1978 | 6.000% | 5.950% | 5.950% | |
| 1977 | 6.000% | 5.550% | 5.550% | |
| 1976 | 6.000% | 5.200% | 5.200% | |
| 1974-1975 | 5.750% | 4.900% | 4.900% | |
| 1972-1973 | 5.750% | 4.600% | 4.600% | |
| 1970-1971 | 5.750% | 4.300% | 4.300% | |
| 1968-1969 | 5.750% | 3.800% | 3.800% | |
| 1947-1967 * | 2.5%-9.6% | 3.300% | 3.300% | |
| 1945-1947 * | 2.5%-9.6% | 3.000% | 3.000% | |

*1945 - 1967 Member Contributions based on age and gender.

Effective July 1, 2007 the Employer contribution rate will increase to 7.035%.

JRS

| Fiscal Year | Member | Employer |
|------------------------|---------------|-----------------|
| 1998-2007 | 7.000% | 25.810% |
| 1993-1997 | 7.000% | 6.000% |
| 1968-1992 | 6.000% | 6.000% |

Prior to 1998 the employer contributed 6% and additional contributions were received based on a portion of the District Court filing fees. In 1998 the filing fees were eliminated and the employer rate was increased to 25.81%.

HPORS

| Fiscal Year | Member | | |
|------------------------|-------------------------|--------------------------|-------------|
| | Hired <7/1/75 | Hired >6/30/75 | GABA |
| 1998-2007 | 9.000% | 9.050% | 36.330% |
| 1992-1997 | 9.000% | | 36.280% |
| 1991 | 7.590% | | 36.280% |
| 1986-1990 | 7.590% | | 26.750% |
| 1982-1985 | 6.500% | | 16.570% |
| 1976-1981 | 6.500% | | 16.000% |
| 1975 | 6.500% | | 15.000% |
| 1971-1974 | 5.000% | | 8.000% |

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Contribution Rate History (cont.)

SRS

| Fiscal Year | Member | Employer |
|------------------------|---------------|-----------------|
| 1998-2007 | 9.245% | 9.535% |
| 1997 | 7.865% | 8.540% |
| 1996 | 7.865% | 8.535% |
| 1986-1995 | 7.000% | 7.670% |
| 1982-1985 | 7.000% | 7.620% |
| 1975-1981 | 7.000% | 7.550% |

Effective July 1, 2007 the Employer contribution rate will increase to 9.825%.

GWPORS

| Fiscal Year | Member | Employer |
|------------------------|---------------|-----------------|
| 2003-2007 | 10.560% | 9.000% |
| 1998-2002 | 8.500% | 9.000% |
| 1996-1997 | 7.900% | 8.150% |
| 1986-1995 | 7.900% | 7.150% |
| 1982-1985 | 7.000% | 7.150% |
| 1964-1981 | 7.000% | 7.000% |

Public Employees' Retirement Board

A Component Unit of the State of Montana

Contribution Rate History (cont.)

MPORS

| Fiscal Year | Member | | | | | |
|----------------|---------------|----------------|----------------|---------|----------------------------|---------|
| | Hired <7/1/75 | Hired >6/30/75 | Hired >6/30/79 | GABA | Hired >6/30/97 Employer | State |
| 2000-2007 | 5.800% | 7.000% | 8.500% | 9.000% | 14.410% | 29.370% |
| 1998-1999 | 7.800% | 9.000% | 10.500% | 11.000% | 14.410% | 29.370% |
| 1997 | 7.800% | 9.000% | 10.500% | | 14.360% | 29.370% |
| 1994-1996 | 7.800% | 9.000% | 10.500% | | 14.360% | 15.660% |
| 1993 | 7.800% | 9.000% | 10.500% | | 13.920% | 15.660% |
| 1992 | 6.000% | 7.200% | 8.700% | | 13.920% | 15.660% |
| 1986-1991 | 6.000% | 6.000% | 7.500% | | 13.020% | 15.060% |
| 1982-1985 | 6.000% | 6.000% | 7.500% | | 14.040% | 14.040% |
| 1980-1981 | 6.000% | 6.000% | 7.500% | | 14.000% | 14.040% |
| 1978-1979 | 6.000% | 6.000% | | | 12.000% | 14.040% |
| 1976-1977 | 6.000% | 6.000% | | | 11.000% | 14.040% |
| 1974-1975 | 6.000% | | | | 11.000% | 14.040% |

FURS

| Fiscal Year | Member | | | |
|----------------|---------------|----------------|---------|----------|
| | Hired <7/1/75 | Hired >6/30/75 | GABA | Employer |
| 1998-2007 | 9.500% | 10.700% | 14.360% | 32.610% |
| 1997 | 7.800% | | 14.360% | 32.610% |
| 1996 | 7.800% | | 14.360% | 24.210% |
| 1995 | 6.000% | | 13.020% | 24.210% |
| 1992-1994 | 6.000% | | 13.020% | 23.270% |
| 1986-1991 | 6.000% | | 13.020% | 22.980% |
| 1984-1985 | 6.000% | | 18.000% | 18.000% |
| 1983 | 6.000% | | 15.000% | 15.000% |
| 1981-1982 | 6.000% | | 12.000% | 12.000% |

PERS-DCRP

| Fiscal Year | Member | Employer | Local Govt & School Districts | |
|----------------|--------|----------|-------------------------------|--------|
| | | | Employer | State |
| 2003-2007 | 6.900% | 6.900% | 6.800% | 0.100% |

Effective July 1, 2007 the Employer contribution rate will increase to 7.035%.

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

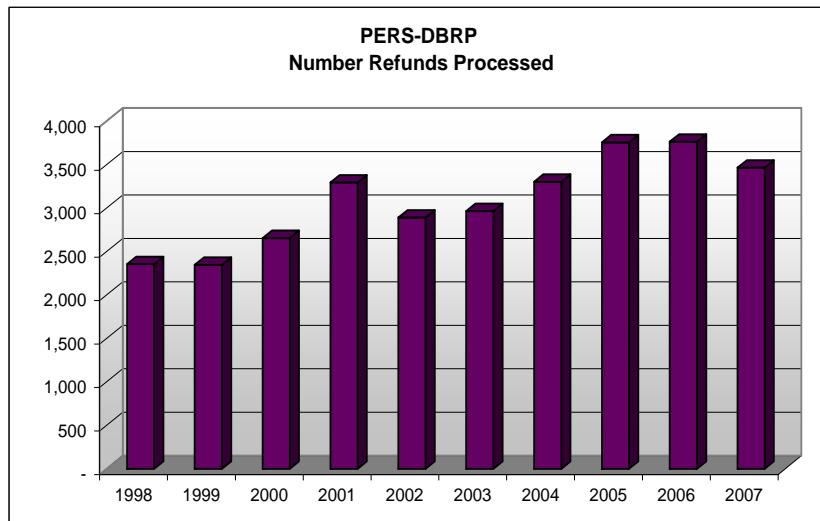
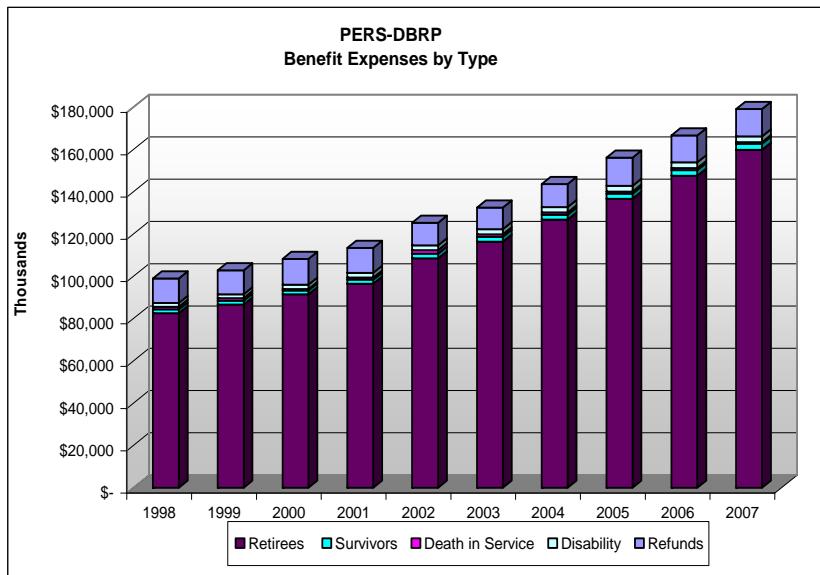
Schedule of Benefit Expenses by Type, Last Ten Years

(in thousands)

| System | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|--------------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| PERS-DBRP | | | | | | | |
| Type of Benefit | | | | | | | |
| Retirees | \$ 82,538 | \$ 86,617 | \$ 91,491 | \$ 96,472 | \$ 108,447 | \$ 116,333 | \$ 126,751 |
| Survivors | 1,727 | 1,793 | 1,808 | 1,869 | 2,180 | 2,248 | 2,298 |
| Death In Service | 1,319 | 1,225 | 722 | 1,029 | 1,710 | 1,278 | 1,093 |
| Disability | 1,796 | 1,886 | 1,996 | 2,176 | 2,326 | 2,345 | 2,541 |
| Refunds | 11,569 | 11,294 | 12,098 | 11,875 | 10,683 | 10,218 | 10,913 |
| Total | \$ 98,949 | \$ 102,815 | \$ 108,115 | \$ 113,421 | \$ 125,346 | \$ 132,422 | \$ 143,596 |
| Number of Refunds | 2,355 | 2,346 | 2,654 | 3,294 | 2,890 | 2,964 | 3,302 |
| JRS | | | | | | | |
| Type of Benefit | | | | | | | |
| Retirees | \$ 1,270 | \$ 1,286 | \$ 1,344 | \$ 1,395 | \$ 1,528 | \$ 1,513 | \$ 1,611 |
| Survivors | 34 | 33 | 36 | 36 | 38 | 38 | 41 |
| Death In Service | | | | | | | 18 |
| Disability | | | | | | | |
| Refunds | 7 | | | | | | |
| Total | \$ 1,311 | \$ 1,319 | \$ 1,380 | \$ 1,431 | \$ 1,566 | \$ 1,551 | \$ 1,670 |
| Number of Refunds | 1 | | | | | | |
| HPORS | | | | | | | |
| Type of Benefit | | | | | | | |
| Retirees | \$ 3,519 | \$ 3,835 | \$ 4,133 | \$ 4,343 | \$ 4,586 | \$ 4,900 | \$ 5,254 |
| Survivors | 171 | 161 | 146 | 150 | 143 | 134 | 137 |
| Death In Service | | | | | | | |
| Disability | 82 | 89 | 118 | 131 | 132 | 126 | 102 |
| Refunds | 158 | 82 | 142 | 86 | 130 | 60 | 144 |
| Total | \$ 3,930 | \$ 4,167 | \$ 4,539 | \$ 4,710 | \$ 4,991 | \$ 5,220 | \$ 5,637 |
| Number of Refunds | 13 | 9 | 16 | 10 | 7 | 7 | 13 |
| SRS | | | | | | | |
| Type of Benefit | | | | | | | |
| Retirees | \$ 1,330 | \$ 1,901 | \$ 2,469 | \$ 2,809 | \$ 3,193 | \$ 3,761 | \$ 4,259 |
| Survivors | 121 | 124 | 124 | 126 | 129 | 127 | 144 |
| Death In Service | | 53 | 2 | | | | 2 |
| Disability | 292 | 286 | 334 | 357 | 378 | 419 | 498 |
| Refunds | 201 | 315 | 270 | 373 | 409 | 457 | 306 |
| Total | \$ 1,944 | \$ 2,679 | \$ 3,199 | \$ 3,665 | \$ 4,109 | \$ 4,764 | \$ 5,209 |
| Number of Refunds | 28 | 34 | 39 | 52 | 39 | 59 | 61 |

STATISTICAL SECTION

| 2005 | 2006 | 2007 |
|--------------------------|--------------------------|--------------------------|
| \$ 136,632 | \$ 147,502 | \$ 159,790 |
| 2,436 | 2,681 | 2,815 |
| 992 | 965 | 866 |
| 2,729 | 2,738 | 2,717 |
| 13,236 | 12,754 | 12,868 |
| <u>\$ 156,025</u> | <u>\$ 166,640</u> | <u>\$ 179,056</u> |
| <u>3,756</u> | <u>3,763</u> | <u>3,465</u> |
| | | |
| \$ 1,583 | \$ 1,699 | \$ 1,728 |
| 41 | 44 | 44 |
| | | |
| <u>\$ 1,624</u> | <u>\$ 1,743</u> | <u>\$ 1,772</u> |
| <u>60</u> | <u>71</u> | <u>153</u> |



STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Benefit Expenses by Type, Last Ten Years (cont.)

(in thousands)

| System | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|--------------------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|------------------|
| GWPORS | | | | | | | |
| Type of Benefit | | | | | | | |
| Retirees | \$ 1,066 | \$ 1,093 | \$ 1,150 | \$ 1,174 | \$ 1,177 | \$ 1,277 | \$ 1,429 |
| Survivors | 29 | 30 | 30 | 30 | 25 | 26 | 27 |
| Death In Service | | | | | 4 | | |
| Disability | 28 | 31 | 31 | 31 | 24 | 13 | 4 |
| Refunds | 34 | 73 | 125 | 212 | 317 | 355 | 501 |
| Total | \$ 1,157 | \$ 1,227 | \$ 1,336 | \$ 1,447 | \$ 1,547 | \$ 1,671 | \$ 1,961 |
| Number of Refunds | 8 | 30 | 30 | 83 | 85 | 80 | 124 |
| MPORS | | | | | | | |
| Type of Benefit | | | | | | | |
| Retirees | \$ 6,936 | \$ 7,537 | \$ 7,911 | \$ 8,416 | \$ 9,149 | \$ 9,733 | \$ 10,208 |
| Survivors | 389 | 422 | 448 | 452 | 457 | 452 | 446 |
| Death In Service | | | | | | | |
| Disability | 372 | 320 | 294 | 257 | 239 | 241 | 231 |
| Refunds | 282 | 299 | 298 | 386 | 345 | 326 | 337 |
| Total | \$ 7,979 | \$ 8,578 | \$ 8,951 | \$ 9,511 | \$ 10,190 | \$ 10,752 | \$ 11,222 |
| Number of Refunds | 24 | 27 | 27 | 31 | 37 | 30 | 44 |
| FURS | | | | | | | |
| Type of Benefit | | | | | | | |
| Retirees | \$ 5,874 | \$ 6,409 | \$ 6,987 | \$ 7,514 | \$ 6,666 | \$ 8,620 | \$ 9,201 |
| Survivors | 410 | 381 | 370 | 386 | 415 | 389 | 385 |
| Death In Service | | | | | | | |
| Disability | 209 | 206 | 160 | 118 | 98 | 72 | 88 |
| Refunds | 24 | 61 | 46 | 44 | 80 | 83 | 77 |
| Total | \$ 6,517 | \$ 7,057 | \$ 7,563 | \$ 8,062 | \$ 7,259 | \$ 9,164 | \$ 9,751 |
| Number of Refunds | 5 | 7 | 8 | 9 | 4 | 9 | 11 |
| VFCA | | | | | | | |
| Type of Benefit | | | | | | | |
| Retirees | \$ 771 | \$ 801 | \$ 842 | \$ 879 | \$ 1,350 | \$ 1,406 | \$ 1,455 |
| Survivors | 2 | 1 | 1 | 3 | 61 | 6 | 24 |
| Death In Service | | | | | | | |
| Disability | | | | | | | |
| Refunds ¹ | | | | | | | |
| Total | \$ 773 | \$ 802 | \$ 843 | \$ 882 | \$ 1,411 | \$ 1,412 | \$ 1,479 |

¹Members are unpaid volunteers and do not contribute to the fund.

STATISTICAL SECTION

| 2005 | 2006 | 2007 |
|------------------|------------------|------------------|
| \$ 1,509 | \$ 1,760 | \$ 2,022 |
| 27 | 28 | 29 |
| 1 | 27 | 16 |
| 2 | 19 | 18 |
| 607 | 477 | 702 |
| \$ 2,146 | \$ 2,311 | \$ 2,787 |
| 146 | 85 | 125 |
| | | |
| \$ 10,646 | \$ 11,256 | \$ 11,861 |
| 473 | 491 | 517 |
| 244 | 285 | 314 |
| 786 | 551 | 688 |
| \$ 12,149 | \$ 12,583 | \$ 13,380 |
| 29 | 27 | 23 |
| | | |
| \$ 9,903 | \$ 10,527 | \$ 11,307 |
| 398 | 408 | 412 |
| 1 | | |
| 85 | 105 | 131 |
| 101 | 46 | 241 |
| \$ 10,487 | \$ 11,086 | \$ 12,092 |
| 6 | 8 | 21 |
| | | |
| \$ 1,494 | \$ 1,561 | \$ 1,635 |
| 23 | 3 | 2 |
| | | |
| \$ 1,517 | \$ 1,564 | \$ 1,637 |

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Distributions Processed, Last Ten Fiscal Years ¹

(in thousands)

| System | 2003 | 2004 | 2005 | 2006 | 2007 |
|--|--------|----------|----------|----------|----------|
| PERS-DCRP | | | | | |
| Retirement | | 2 | 1 | 2 | 3 |
| Death | | 2 | 3 | 2 | 3 |
| Number of Full Refunds | 29 | 96 | 97 | 115 | 145 |
| Amount Refunded | \$ 556 | \$ 1,789 | \$ 1,582 | \$ 1,475 | \$ 2,457 |
| Number of Partial Refunds | 2 | 19 | 9 | 10 | 10 |
| Amount Refunded | \$ 42 | \$ 235 | \$ 198 | \$ 96 | \$ 153 |
| Number of Forfeitures | 10 | 53 | 73 | 103 | 118 |
| Amount of Contributions Forfeited ² | \$ 31 | \$ 135 | \$ 192 | \$ 264 | \$ 315 |

¹The PERS-DCRP was implemented July 1, 2002.

²Members terminating with less than 5 years of service forfeit their employer contributions.

STATISTICAL SECTION

This page intentionally left blank

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Retired Members by Type of Benefit

As of June 30, 2007

| PERS-DBRP | Amount of Monthly Benefit | Number of Retired Members | Type of Retirement | | |
|---------------|---------------------------|---------------------------|--------------------|--------------|----------|
| | | | Regular | Disability | Survivor |
| \$ 1 - 250 | 2,524 | 2,193 | 20 | 311 | |
| 251 - 500 | 3,847 | 3,202 | 84 | 561 | |
| 501 - 750 | 2,782 | 2,295 | 100 | 387 | |
| 751 - 1,000 | 1,906 | 1,601 | 54 | 251 | |
| 1,001 - 1,250 | 1,289 | 1,152 | 16 | 121 | |
| 1,251 - 1,500 | 994 | 899 | 12 | 83 | |
| 1,501 - 1,750 | 809 | 740 | 6 | 63 | |
| 1,751 - 2,000 | 566 | 531 | 3 | 32 | |
| Over 2,000 | 1,421 | 1,364 | 5 | 52 | |
| Total | <u>16,138</u> | <u>13,977</u> | <u>300</u> | <u>1,861</u> | |

| JRS | Amount of Monthly Benefit | Number of Retired Members | Type of Retirement | | |
|---------------|---------------------------|---------------------------|--------------------|------------|----------|
| | | | Regular | Disability | Survivor |
| \$ 1 - 250 | | | | | |
| 251 - 500 | | | | | |
| 501 - 750 | | 2 | 1 | | 1 |
| 751 - 1,000 | | 1 | 1 | | |
| 1,001 - 1,250 | | 5 | 1 | | 4 |
| 1,251 - 1,500 | | | | | |
| 1,501 - 1,750 | | 4 | 2 | | 2 |
| 1,751 - 2,000 | | | | | |
| Over 2,000 | | 39 | 30 | | 9 |
| Total | <u>51</u> | <u>35</u> | <u>35</u> | <u>16</u> | |

| HPORS | Amount of Monthly Benefit | Number of Retired Members | Type of Retirement | | |
|---------------|---------------------------|---------------------------|--------------------|------------|----------|
| | | | Regular | Disability | Survivor |
| \$ 1 - 250 | | 3 | 2 | | 1 |
| 251 - 500 | | 7 | 4 | | 3 |
| 501 - 750 | | 6 | 3 | | 3 |
| 751 - 1,000 | | 5 | 1 | | 4 |
| 1,001 - 1,250 | | 21 | 11 | 1 | 9 |
| 1,251 - 1,500 | | 91 | 59 | 2 | 30 |
| 1,501 - 1,750 | | 36 | 32 | 3 | 1 |
| 1,751 - 2,000 | | 25 | 21 | 1 | 3 |
| Over 2,000 | | 90 | 86 | | 4 |
| Total | <u>284</u> | <u>219</u> | <u>7</u> | <u>58</u> | |

¹ Option Selected:

- 1 - Beneficiary receives lump sum of member's unused contributions
- 2 - Beneficiary receives 100 percent of member's reduced monthly benefit
- 3 - Beneficiary receives 50 percent of member's reduced monthly benefit
- 4A - Guaranteed for the life of member or a minimum of 10 years after member's retirement
- 4B - Guaranteed for the life of member or a minimum of 20 years after member's retirement
- 5A - Survivorship benefit - guaranteed for life of beneficiary with GABA increases
- 5B - Survivorship benefit - guaranteed for life of beneficiary without GABA increases

GABA - Members electing the Guaranteed Annual Benefit Adjustment

NON-GABA - Member not electing the Guaranteed Annual Benefit Adjustment

STATISTICAL SECTION

| PERS-DBRP | Option Selected ¹ | | | | | | | GABA | NON-GABA |
|-----------|------------------------------|-------|-----|-----|-----|----|----|--------|----------|
| | 1 | 2 | 3 | 4A | 4B | 5A | 5B | | |
| 1,759 | 501 | 90 | 45 | 94 | 25 | 10 | | 2,496 | 28 |
| 2,446 | 933 | 209 | 56 | 142 | 57 | | 4 | 3,811 | 36 |
| 1,683 | 733 | 193 | 39 | 84 | 50 | | | 2,762 | 20 |
| 1,151 | 460 | 169 | 27 | 66 | 33 | | | 1,884 | 22 |
| 702 | 387 | 144 | 20 | 23 | 13 | | | 1,277 | 12 |
| 495 | 328 | 123 | 17 | 19 | 12 | | | 987 | 7 |
| 410 | 253 | 108 | 16 | 14 | 8 | | | 801 | 8 |
| 303 | 157 | 78 | 13 | 9 | 6 | | | 562 | 4 |
| 763 | 376 | 196 | 32 | 40 | 14 | | | 1,405 | 16 |
| 9,712 | 4,128 | 1,310 | 265 | 491 | 218 | 14 | | 15,985 | 153 |

| JRS | Option Selected ¹ | | | | | | | GABA | NON-GABA |
|-----|------------------------------|----|---|----|----|----|----|------|----------|
| | 1 | 2 | 3 | 4A | 4B | 5A | 5B | | |
| | | 1 | 1 | | | | | 2 | |
| 1 | | | | | | | | 1 | |
| 1 | | 3 | 1 | | | | | 1 | |
| | 1 | 2 | | | | 1 | | 3 | |
| | 9 | 26 | 3 | | 1 | | | 16 | 23 |
| | 12 | 32 | 5 | | 2 | | | 20 | 31 |

| HPORS | Option Selected ¹ | | | | | | GABA | NON-GABA |
|-------|------------------------------|-----|---|----|----|----|------|----------|
| | 1 | 2 | 3 | 4A | 4B | 5A | 5B | |
| | 3 | | | | | | 1 | 2 |
| | 5 | | | | | 2 | 2 | 5 |
| | 3 | | | | | 3 | 1 | 5 |
| | 5 | | | | | | | 5 |
| | 3 | 18 | | | | | 5 | 16 |
| | 8 | 80 | | | | 3 | 16 | 75 |
| | 7 | 29 | | | | | 28 | 8 |
| | 1 | 24 | | | | | 22 | 3 |
| | 5 | 83 | | | | 2 | 90 | |
| | 24 | 250 | | | | 10 | 165 | 119 |

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Retired Members by Type of Benefit

As of June 30, 2007

| SRS | Amount of Monthly Benefit | Number of Retired Members | Type of Retirement | | |
|-----|---------------------------|---------------------------|--------------------|------------|-----------|
| | | | Regular | Disability | Survivor |
| | \$ 1 - 250 | 19 | 12 | 1 | 6 |
| | 251 - 500 | 30 | 22 | 2 | 6 |
| | 501 - 750 | 34 | 28 | 1 | 5 |
| | 751 - 1,000 | 42 | 31 | 2 | 9 |
| | 1,001 - 1,250 | 30 | 22 | 5 | 3 |
| | 1,251 - 1,500 | 47 | 37 | 6 | 4 |
| | 1,501 - 1,750 | 37 | 27 | 10 | |
| | 1,751 - 2,000 | 43 | 38 | 4 | 1 |
| | Over 2,000 | 102 | 96 | 4 | 2 |
| | Total | <u>384</u> | <u>313</u> | <u>35</u> | <u>36</u> |

| GWPORS | Amount of Monthly Benefit | Number of Retired Members | Type of Retirement | | |
|--------|---------------------------|---------------------------|--------------------|------------|-----------|
| | | | Regular | Disability | Survivor |
| | \$ 1 - 250 | 14 | 14 | | |
| | 251 - 500 | 10 | 7 | | |
| | 501 - 750 | 9 | 5 | | 4 |
| | 751 - 1,000 | 9 | 5 | | 4 |
| | 1,001 - 1,250 | 14 | 12 | 1 | 1 |
| | 1,251 - 1,500 | 7 | 7 | | |
| | 1,501 - 1,750 | 17 | 16 | | 1 |
| | 1,751 - 2,000 | 31 | 30 | | 1 |
| | Total | <u>111</u> | <u>96</u> | <u>1</u> | <u>14</u> |

| MPORS | Amount of Monthly Benefit | Number of Retired Members | Type of Retirement | | |
|-------|---------------------------|---------------------------|--------------------|------------|------------|
| | | | Regular | Disability | Survivor |
| | \$ 1 - 250 | 1 | 1 | | |
| | 251 - 500 | 5 | 5 | | |
| | 501 - 750 | 4 | 4 | | |
| | 751 - 1,000 | 3 | 2 | | 1 |
| | 1,001 - 1,250 | 19 | 12 | | 7 |
| | 1,251 - 1,500 | 151 | 90 | 5 | 56 |
| | 1,501 - 1,750 | 179 | 126 | 3 | 50 |
| | 1,751 - 2,000 | 88 | 77 | 4 | 7 |
| | Over 2,000 | <u>142</u> | <u>130</u> | <u>1</u> | <u>11</u> |
| | Total | <u>592</u> | <u>447</u> | <u>13</u> | <u>132</u> |

¹ Option Selected:

- 1 - Beneficiary receives lump sum of member's unused contributions
- 2 - Beneficiary receives 100 percent of member's reduced monthly benefit
- 3 - Beneficiary receives 50 percent of member's reduced monthly benefit
- 4A - Guaranteed for the life of member or a minimum of 10 years after member's retirement
- 4B - Guaranteed for the life of member or a minimum of 20 years after member's retirement
- 5A - Survivorship benefit - guaranteed for life of beneficiary with GABA increases
- 5B - Survivorship benefit - guaranteed for life of beneficiary without GABA increases

GABA - Members electing the Guaranteed Annual Benefit Adjustment

NON-GABA - Member not electing the Guaranteed Annual Benefit Adjustment

STATISTICAL SECTION

| | Option Selected ¹ | | | | | | | GABA | NON-GABA |
|------------|------------------------------|-----|----|----|----|----|----|------|----------|
| | 1 | 2 | 3 | 4A | 4B | 5A | 5B | | |
| SRS | 8 | 6 | 1 | | | 4 | | 18 | 1 |
| | 11 | 14 | 4 | | | 1 | | 29 | 1 |
| | 14 | 14 | 5 | | | 1 | | 34 | |
| | 17 | 20 | 1 | 1 | | 3 | | 42 | |
| | 12 | 14 | 2 | | 1 | 1 | | 30 | |
| | 21 | 17 | 3 | 1 | 2 | 3 | | 46 | 1 |
| | 20 | 13 | 3 | | 1 | | | 35 | 2 |
| | 23 | 14 | 5 | 1 | | | | 43 | |
| | 60 | 23 | 10 | 5 | 4 | | | 102 | |
| | 186 | 135 | 34 | 8 | 8 | 13 | | 379 | 5 |

| | Option Selected ¹ | | | | | | | GABA | NON-GABA |
|---------------|------------------------------|----|----|----|----|----|----|------|----------|
| | 1 | 2 | 3 | 4A | 4B | 5A | 5B | | |
| GWPORS | 4 | 7 | 3 | | | | | 13 | 1 |
| | 6 | 2 | 1 | | | 1 | | 10 | |
| | 2 | 2 | 4 | | | 1 | | 9 | |
| | 3 | 3 | 2 | | | 1 | | 9 | |
| | 8 | 5 | 1 | | | | | 14 | |
| | 4 | 2 | 1 | | | | | 7 | |
| | 7 | 8 | 1 | | 1 | | | 17 | |
| | 15 | 9 | 7 | | | | | 31 | |
| | 49 | 38 | 20 | | 1 | 3 | | 110 | 1 |

| | Option Selected ¹ | | | | | | | GABA | NON-GABA |
|--------------|------------------------------|-----|---|----|----|----|----|------|----------|
| | 1 | 2 | 3 | 4A | 4B | 5A | 5B | | |
| MPORS | | 1 | | | | | | 1 | |
| | 3 | 2 | | | | | | 4 | 1 |
| | 2 | 2 | | | | | | 3 | 1 |
| | 1 | 2 | | | | | | 3 | |
| | 1 | 15 | | | 3 | | | 18 | 1 |
| | 15 | 121 | | | 15 | | | 125 | 26 |
| | 13 | 161 | | | 5 | | | 145 | 34 |
| | 10 | 77 | | | 1 | | | 86 | 2 |
| | 15 | 124 | | | 3 | | | 139 | 3 |
| | 60 | 505 | | | 27 | | | 524 | 68 |

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Retired Members by Type of Benefit

As of June 30, 2007

| FURS | Amount of Monthly Benefit | Number of Retired Members | Type of Retirement | | |
|---------------|---------------------------|---------------------------|--------------------|------------|----------|
| | | | Regular | Disability | Survivor |
| | | | | | |
| \$ 1 - 250 | 36 | 26 | | | 10 |
| 251 - 500 | 3 | 3 | | | |
| 501 - 750 | 2 | 2 | | | |
| 751 - 1,000 | 5 | 5 | | | |
| 1,001 - 1,250 | 27 | 15 | | | 12 |
| 1,251 - 1,500 | 52 | 26 | 1 | 25 | |
| 1,501 - 1,750 | 155 | 101 | 2 | 52 | |
| 1,751 - 2,000 | 57 | 43 | 2 | 12 | |
| Over 2,000 | 182 | 173 | 1 | 8 | |
| Total | <u>519</u> | <u>394</u> | <u>6</u> | <u>119</u> | |

| VFCA | Amount of Monthly Benefit | Number of Retired Members | Type of Retirement | | |
|---------------|---------------------------|---------------------------|--------------------|------------|----------|
| | | | Regular | Disability | Survivor |
| | | | | | |
| \$ 1 - 250 | 1,038 | 1,033 | | | 5 |
| 251 - 500 | | | | | |
| 501 - 750 | | | | | |
| 751 - 1,000 | | | | | |
| 1,001 - 1,250 | | | | | |
| 1,251 - 1,500 | | | | | |
| 1,501 - 1,750 | | | | | |
| 1,751 - 2,000 | | | | | |
| Over 2,000 | | | | | |
| Total | <u>1,038</u> | <u>1,033</u> | <u>5</u> | | |

¹ Option Selected (excluding the VFCA):

- 1 - Beneficiary receives lump sum of member's unused contributions
- 2 - Beneficiary receives 100 percent of member's reduced monthly benefit
- 3 - Beneficiary receives 50 percent of member's reduced monthly benefit
- 4A - Guaranteed for the life of member or a minimum of 10 years after member's retirement
- 4B - Guaranteed for the life of member or a minimum of 20 years after member's retirement
- 5A - Survivorship benefit - guaranteed for life of beneficiary with GABA increases
- 5B - Survivorship benefit - guaranteed for life of beneficiary without GABA increases

GABA - Members electing the Guaranteed Annual Benefit Adjustment

NON-GABA - Member not electing the Guaranteed Annual Benefit Adjustment

² Option Selected VFCA:

- 1 - Member receiving monthly benefit
- 2 - Benefit paid to survivor equal to member's full or partial benefit. Benefit is limited to 40 months including any pension paid to member before death.

STATISTICAL SECTION

| | Option Selected ¹ | | | | | | | GABA | NON-GABA |
|------|------------------------------|-----|---|----|----|----|----|------|----------|
| | 1 | 2 | 3 | 4A | 4B | 5A | 5B | | |
| FURS | 1 | 34 | | | | 1 | | 27 | 9 |
| | 1 | 2 | | | | | | 2 | 1 |
| | | 2 | | | | | | 2 | |
| | 1 | 4 | | | | | | 5 | |
| | 1 | 25 | | | | 1 | | 23 | 4 |
| | 3 | 43 | | | | 6 | | 43 | 9 |
| | 6 | 138 | | | | 11 | | 146 | 9 |
| | 3 | 52 | | | | 2 | | 44 | 13 |
| | 23 | 157 | | | | 2 | | 180 | 2 |
| | 39 | 457 | | | | 23 | | 472 | 47 |

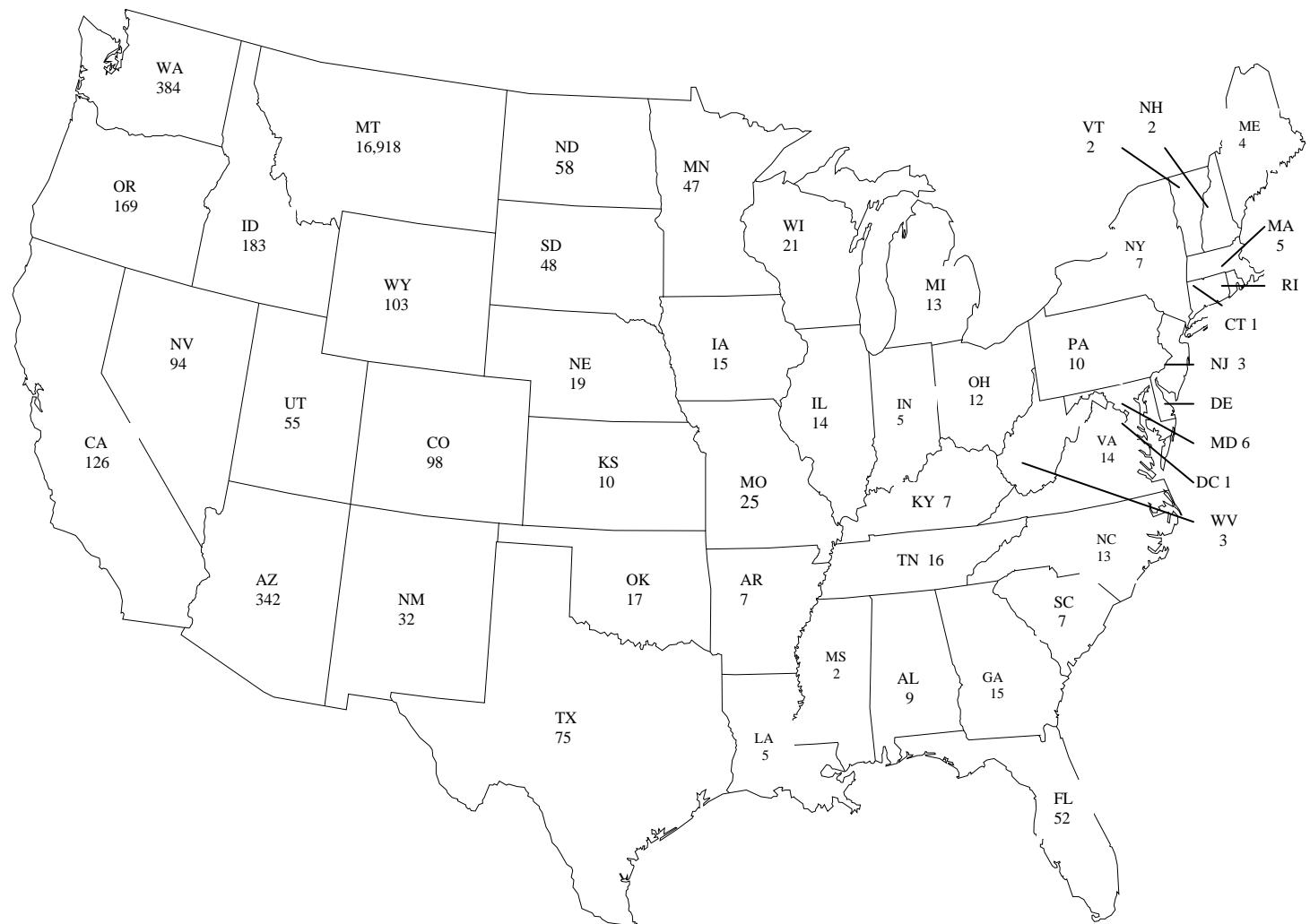
| VFCA | Option Selected ² | | | | | | | GABA | NON-GABA |
|------|------------------------------|---|---|----|----|----|----|------|----------|
| | 1 | 2 | 3 | 4A | 4B | 5A | 5B | | |
| | 1,033 | | 5 | | | | | | 1,038 |
| | 1,033 | | 5 | | | | | | 1,038 |

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Distribution of Defined Benefit Recipients by Location as of June 30, 2007



Recipients outside the Continental U.S. include:

Alaska – 13 Hawaii – 7 APO AE – 3 Canada – 11

England – 2 Mexico – 2 Estonia – 1 Norway – 2

Japan – 1 FPO AE – 1 Central America – 1

STATISTICAL SECTION

This page intentionally left blank

STATISTICAL SECTION

Public Employees' Retirement Board A Component Unit of the State of Montana Average Benefit Payments, Last Ten Fiscal Years

PERS - Defined Benefit Retirement Plan

| Retirement Effective Dates | Years of Credited Service | | | | | | |
|-----------------------------|---------------------------|----------|----------|----------|----------|----------|----------|
| | 0-5 | 5-10 | 10-15 | 15-20 | 20-25 | 25-30 | 30+ |
| Period 7/1/2006 - 6/30/2007 | | | | | | | |
| Average monthly benefit | \$ 143 | \$ 279 | \$ 470 | \$ 752 | \$ 1,053 | \$ 1,594 | \$ 2,328 |
| Average HAC ¹ | \$ 1,798 | \$ 2,047 | \$ 2,044 | \$ 3,774 | \$ 2,499 | \$ 2,874 | \$ 3,415 |
| Number of retired members | 17 | 127 | 139 | 167 | 121 | 138 | 185 |
| Period 7/1/2005 - 6/30/2006 | | | | | | | |
| Average monthly benefit | 157 | 257 | 461 | 714 | 960 | 1,534 | 2,292 |
| Average HAC ¹ | 1,862 | 1,707 | 2,013 | 2,160 | 2,174 | 2,460 | 3,480 |
| Number of retired members | 10 | 131 | 135 | 136 | 107 | 128 | 189 |
| Period 7/1/2004 - 6/30/2005 | | | | | | | |
| Average monthly benefit | 125 | 272 | 498 | 691 | 966 | 1,535 | 2,315 |
| Average HAC ¹ | | | | | | | |
| Number of retired members | 10 | 132 | 158 | 133 | 109 | 123 | 132 |
| Period 7/1/2003 - 6/30/2004 | | | | | | | |
| Average monthly benefit | 146 | 255 | 470 | 715 | 985 | 1,639 | 2,675 |
| Average HAC ¹ | | | | | | | |
| Number of retired members | 8 | 118 | 132 | 117 | 120 | 126 | 167 |
| Period 7/1/2002 - 6/30/2003 | | | | | | | |
| Average monthly benefit | 123 | 256 | 470 | 683 | 925 | 1,630 | 2,174 |
| Average HAC ¹ | | | | | | | |
| Number of retired members | 11 | 101 | 124 | 114 | 92 | 107 | 136 |
| Period 7/1/2001 - 6/30/2002 | | | | | | | |
| Average monthly benefit | 175 | 241 | 464 | 627 | 890 | 1,706 | 2,361 |
| Average HAC ¹ | | | | | | | |
| Number of retired members | 12 | 115 | 120 | 108 | 85 | 116 | 164 |
| Period 7/1/2000 - 6/30/2001 | | | | | | | |
| Average monthly benefit | 160 | 267 | 468 | 691 | 893 | 1,302 | 2,271 |
| Average HAC ¹ | | | | | | | |
| Number of retired members | 9 | 158 | 164 | 143 | 120 | 81 | 64 |
| Period 7/1/1999 - 6/30/2000 | | | | | | | |
| Average monthly benefit | 118 | 269 | 447 | 674 | 883 | 1,383 | 1,910 |
| Average HAC ¹ | | | | | | | |
| Number of retired members | 17 | 129 | 111 | 133 | 119 | 102 | 110 |
| Period 7/1/1998 - 6/30/1999 | | | | | | | |
| Average monthly benefit | 123 | 283 | 429 | 659 | 890 | 1,264 | 1,860 |
| Average HAC ¹ | | | | | | | |
| Number of retired members | 7 | 142 | 126 | 119 | 109 | 93 | 72 |
| Period 7/1/1997 - 6/30/1998 | | | | | | | |
| Average monthly benefit | 117 | 270 | 399 | 664 | 869 | 1,320 | 1,785 |
| Average HAC ¹ | | | | | | | |
| Number of retired members | 5 | 122 | 132 | 122 | 98 | 75 | 118 |

¹Highest Average Compensation unavailable prior to FY2006. HAC = Highest Average Compensation.

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Average Benefit Payments, Last Ten Fiscal Years

Judges' Retirement System

| <u>Retirement Effective Dates</u> | Years of Credited Service | | | | | | |
|-----------------------------------|---------------------------|-------|-------|-------|-------|-------|-------|
| | 0-5 | 5-10 | 10-15 | 15-20 | 20-25 | 25-30 | 30+ |
| Period 7/1/2006 - 6/30/2007 | | | | | | | |
| Average monthly benefit | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Average HAC ¹ | | | 3,136 | 7,841 | | | |
| Number of retired members | | | 1 | | | | |
| Period 7/1/2005 - 6/30/2006 | | | | | | | |
| Average monthly benefit | | 2,242 | | | | 4,152 | |
| Average HAC ¹ | | 8,407 | | | | | |
| Number of retired members | | 1 | | | | 1 | |
| Period 7/1/2004 - 6/30/2005 | | | | | | | |
| Average monthly benefit | | | 3,643 | | | | |
| Average HAC ¹ | | | | | | | |
| Number of retired members | | | 1 | | | | |
| Period 7/1/2003 - 6/30/2004 | | | | | | | |
| Average monthly benefit | | | | | 4,771 | | |
| Average HAC ¹ | | | | | | | |
| Number of retired members | | | | | 1 | | |
| Period 7/1/2002 - 6/30/2003 | | | | | | | |
| Average monthly benefit | | | | | | | |
| Average HAC ¹ | | | | | | | |
| Number of retired members | | | | | | | |
| Period 7/1/2001 - 6/30/2002 | | | | | | | |
| Average monthly benefit | | | | | | | |
| Average HAC ¹ | | | | | | | |
| Number of retired members | | | | | | | |
| Period 7/1/2000 - 6/30/2001 | | | | | | | |
| Average monthly benefit | 557 | | 2,333 | | 3,867 | | 5,230 |
| Average HAC ¹ | | | | | | | |
| Number of retired members | 1 | | 2 | | 4 | | 1 |
| Period 7/1/1999 - 6/30/2000 | | | | | | | |
| Average monthly benefit | | | | | | | |
| Average HAC ¹ | | | | | | | |
| Number of retired members | | | | | | | |
| Period 7/1/1998 - 6/30/1999 | | | | | | | |
| Average monthly benefit | | | 2,524 | | | | |
| Average HAC ¹ | | | | | | | |
| Number of retired members | | | 1 | | | | |
| Period 7/1/1997 - 6/30/1998 | | | | | | | |
| Average monthly benefit | | 1,693 | | 3,123 | | | |
| Average HAC ¹ | | | | | | | |
| Number of retired members | | 1 | | 1 | | | |

¹Highest Average Compensation unavailable prior to FY2006. HAC = Highest Average Compensation.

STATISTICAL SECTION

Public Employees' Retirement Board A Component Unit of the State of Montana Average Benefit Payments, Last Ten Fiscal Years

Highway Patrol Officers' Retirement System

| Retirement Effective Dates | Years of Credited Service | | | | | | |
|-----------------------------|---------------------------|-------|-------|-------|-------|-------|-------|
| | 0-5 | 5-10 | 10-15 | 15-20 | 20-25 | 25-30 | 30+ |
| Period 7/1/2006 - 6/30/2007 | | | | | | | |
| Average monthly benefit | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Average HAC ¹ | | | | | 3,231 | | |
| Number of retired members | | | | | 5 | | |
| Period 7/1/2005 - 6/30/2006 | | | | | | | |
| Average monthly benefit | | 1,546 | | | 1,935 | 2,673 | 3,934 |
| Average HAC ¹ | | 3,092 | | | 3,635 | 3,678 | 4,840 |
| Number of retired members | | 1 | | | 2 | 1 | 1 |
| Period 7/1/2004 - 6/30/2005 | | | | | | | |
| Average monthly benefit | | | 1,149 | | 2,256 | 2,464 | 3,517 |
| Average HAC ¹ | | | | | | | |
| Number of retired members | | | 2 | | 2 | 1 | 2 |
| Period 7/1/2003 - 6/30/2004 | | | | | | | |
| Average monthly benefit | | 1,562 | | | 2,678 | 3,314 | 3,561 |
| Average HAC ¹ | | | | | | | |
| Number of retired members | | 1 | | | 2 | 1 | 4 |
| Period 7/1/2002 - 6/30/2003 | | | | | | | |
| Average monthly benefit | | | 1,658 | | 2,177 | 3,412 | 3,544 |
| Average HAC ¹ | | | | | | | |
| Number of retired members | | | 1 | | 2 | 2 | 1 |
| Period 7/1/2001 - 6/30/2002 | | | | | | | |
| Average monthly benefit | | | 680 | | 2,120 | 2,570 | 3,558 |
| Average HAC ¹ | | | | | | | |
| Number of retired members | | | 1 | | 2 | 2 | 2 |
| Period 7/1/2000 - 6/30/2001 | | | | | | | |
| Average monthly benefit | | 1,575 | | | | 2,638 | 3,768 |
| Average HAC ¹ | | | | | | | |
| Number of retired members | | 1 | | | | 2 | 2 |
| Period 7/1/1999 - 6/30/2000 | | | | | | | |
| Average monthly benefit | | 1,225 | | | 1,696 | | |
| Average HAC ¹ | | | | | | 2,719 | 3,232 |
| Number of retired members | | 1 | | | 1 | | 6 |
| Period 7/1/1998 - 6/30/1999 | | | | | | | |
| Average monthly benefit | | | 453 | | 1,647 | 2,524 | 3,239 |
| Average HAC ¹ | | | | | | | |
| Number of retired members | | | 1 | | 2 | 7 | 3 |
| Period 7/1/1997 - 6/30/1998 | | | | | | | |
| Average monthly benefit | | 1,599 | 1,544 | | 2,065 | | |
| Average HAC ¹ | | | | | | | 3,312 |
| Number of retired members | | 1 | 1 | | 3 | | 3 |

¹Highest Average Compensation unavailable prior to FY2006. HAC = Highest Average Compensation.

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Average Benefit Payments, Last Ten Fiscal Years

Sheriffs' Retirement System

| Retirement Effective Dates | Years of Credited Service | | | | | | |
|-----------------------------|---------------------------|----------|----------|----------|----------|----------|-------|
| | 0-5 | 5-10 | 10-15 | 15-20 | 20-25 | 25-30 | 30+ |
| Period 7/1/2006 - 6/30/2007 | | | | | | | |
| Average monthly benefit | \$ 548 | \$ 1,619 | \$ 1,553 | \$ 1,641 | \$ 3,000 | \$ 2,965 | |
| Average HAC ¹ | 2,403 | 1,734 | 3,178 | 3,842 | 5,276 | 4,362 | |
| Number of retired members | 3 | 2 | 6 | 12 | 2 | 3 | |
| Period 7/1/2005 - 6/30/2006 | | | | | | | |
| Average monthly benefit | 544 | 612 | 1,437 | 2,172 | 2,553 | 2,790 | |
| Average HAC ¹ | 2,639 | 3,157 | 3,422 | 3,974 | 3,974 | 3,958 | |
| Number of retired members | 1 | 5 | 1 | 8 | 5 | 1 | |
| Period 7/1/2004 - 6/30/2005 | | | | | | | |
| Average monthly benefit | 157 | 990 | 1,666 | 2,095 | 2,826 | | |
| Average HAC ¹ | | | | | | | |
| Number of retired members | 3 | 4 | 2 | 9 | 1 | | |
| Period 7/1/2003 - 6/30/2004 | | | | | | | |
| Average monthly benefit | 1,944 | 928 | 1,107 | 1,603 | 3,001 | 3,010 | |
| Average HAC ¹ | | | | | | | |
| Number of retired members | 1 | 1 | 1 | 10 | 6 | 3 | |
| Period 7/1/2002 - 6/30/2003 | | | | | | | |
| Average monthly benefit | 1,473 | 353 | 1,033 | 1,037 | 1,920 | 2,768 | 3,819 |
| Average HAC ¹ | | | | | | | |
| Number of retired members | 2 | 2 | 3 | 5 | 10 | 7 | 1 |
| Period 7/1/2001 - 6/30/2002 | | | | | | | |
| Average monthly benefit | 43 | | 1,169 | 1,064 | 1,678 | 2,680 | 2,903 |
| Average HAC ¹ | | | | | | | |
| Number of retired members | 1 | | 3 | 2 | 9 | 4 | 2 |
| Period 7/1/2000 - 6/30/2001 | | | | | | | |
| Average monthly benefit | 100 | 568 | 754 | | 2,093 | 3,076 | |
| Average HAC ¹ | | | | | | | |
| Number of retired members | 2 | 4 | 3 | | 7 | 5 | |
| Period 7/1/1999 - 6/30/2000 | | | | | | | |
| Average monthly benefit | 208 | 994 | 532 | 1,242 | 1,980 | 2,279 | |
| Average HAC ¹ | | | | | | | |
| Number of retired members | 2 | 3 | 3 | 6 | 13 | 3 | |
| Period 7/1/1998 - 6/30/1999 | | | | | | | |
| Average monthly benefit | 983 | 647 | 950 | 1,486 | 2,032 | 2,472 | 2,248 |
| Average HAC ¹ | | | | | | | |
| Number of retired members | 2 | 7 | 2 | 4 | 16 | 8 | 2 |
| Period 7/1/1997 - 6/30/1998 | | | | | | | |
| Average monthly benefit | 1,402 | 464 | 575 | 1,327 | 1,765 | 2,204 | 2,924 |
| Average HAC ¹ | | | | | | | |
| Number of retired members | 1 | 1 | 2 | 3 | 10 | 6 | 1 |

¹Highest Average Compensation unavailable prior to FY2006. HAC = Highest Average Compensation.

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Average Benefit Payments, Last Ten Fiscal Years

Game Wardens' and Peace Officers' Retirement System

| Retirement Effective Dates | Years of Credited Service | | | | | | |
|-----------------------------|---------------------------|----------|-------|----------|----------|-------|----------|
| | 0-5 | 5-10 | 10-15 | 15-20 | 20-25 | 25-30 | 30+ |
| Period 7/1/2006 - 6/30/2007 | | | | | | | |
| Average monthly benefit | \$ 403 | \$ 2,134 | \$ 2 | \$ 1,987 | \$ 4,676 | \$ 1 | \$ 3,485 |
| Average HAC ¹ | | | | | | | 3,964 |
| Number of retired members | | | | | | | 3 |
| Period 7/1/2005 - 6/30/2006 | | | | | | | |
| Average monthly benefit | 721 | 910 | | 1,839 | | | 2,871 |
| Average HAC ¹ | 2,214 | | | 3,044 | | | 3,282 |
| Number of retired members | 5 | 2 | | 1 | | | 6 |
| Period 7/1/2004 - 6/30/2005 | | | | | | | |
| Average monthly benefit | 442 | | | | | 1,566 | 3,817 |
| Average HAC ¹ | | | | | | | |
| Number of retired members | 8 | | | | | 2 | 1 |
| Period 7/1/2003 - 6/30/2004 | | | | | | | |
| Average monthly benefit | 877 | | | 893 | | | 2,210 |
| Average HAC ¹ | | | | | | | |
| Number of retired members | 2 | | | 2 | | | 1 |
| Period 7/1/2002 - 6/30/2003 | | | | | | | |
| Average monthly benefit | | | | | 1,334 | | 3,111 |
| Average HAC ¹ | | | | | | 1 | |
| Number of retired members | | | | | | | 3 |
| Period 7/1/2001 - 6/30/2002 | | | | | | | |
| Average monthly benefit | 334 | | | | 1,486 | | |
| Average HAC ¹ | | | | | | 1 | |
| Number of retired members | 2 | | | | | | |
| Period 7/1/2000 - 6/30/2001 | | | | | | | |
| Average monthly benefit | | | | | | | |
| Average HAC ¹ | | | | | | | |
| Number of retired members | | | | | | | |
| Period 7/1/1999 - 6/30/2000 | | | | | | | |
| Average monthly benefit | | | | | | 1,977 | |
| Average HAC ¹ | | | | | | | |
| Number of retired members | | | | | | 2 | |
| Period 7/1/1998 - 6/30/1999 | | | | | | | |
| Average monthly benefit | | | | | | | 2,247 |
| Average HAC ¹ | | | | | | | |
| Number of retired members | | | | | | | 2 |
| Period 7/1/1997 - 6/30/1998 | | | | | | | |
| Average monthly benefit | | | | 1,808 | | | 1,726 |
| Average HAC ¹ | | | | | | | |
| Number of retired members | | | | 1 | | | 1 |

¹Highest Average Compensation unavailable prior to FY2006. HAC = Highest Average Compensation.

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Average Benefit Payments, Last Ten Fiscal Years

Municipal Police Officers' Retirement System

| Retirement Effective Dates | Years of Credited Service | | | | | | |
|-----------------------------|---------------------------|-------|----------|----------|----------|----------|-------|
| | 0-5 | 5-10 | 10-15 | 15-20 | 20-25 | 25-30 | 30+ |
| Period 7/1/2006 - 6/30/2007 | | | | | | | |
| Average monthly benefit | \$ 850 | \$ | \$ 1,632 | \$ 2,024 | \$ 1,967 | \$ 3,438 | \$ |
| Average HAC ¹ | 2,452 | | 3,264 | 2,513 | 3,791 | 4,759 | |
| Number of retired members | 2 | | 4 | 3 | 12 | 2 | |
| Period 7/1/2005 - 6/30/2006 | | | | | | | |
| Average monthly benefit | 1,355 | | 1,120 | 2,937 | 2,316 | 4,900 | 4,671 |
| Average HAC ¹ | 1,450 | | 5,875 | 3,185 | 6,220 | 5,220 | 5,527 |
| Number of retired members | 2 | | 1 | 1 | 4 | 1 | 2 |
| Period 7/1/2004 - 6/30/2005 | | | | | | | |
| Average monthly benefit | 1,437 | 1,017 | 1,703 | 1,846 | 2,641 | 3,535 | 5,049 |
| Average HAC ¹ | | | | | | | |
| Number of retired members | 2 | 2 | 2 | 2 | 3 | 3 | 1 |
| Period 7/1/2003 - 6/30/2004 | | | | | | | |
| Average monthly benefit | | 1,161 | | 1,773 | 2,015 | 2,603 | |
| Average HAC ¹ | | | | | | | |
| Number of retired members | | 2 | | 2 | 8 | 4 | |
| Period 7/1/2002 - 6/30/2003 | | | | | | | |
| Average monthly benefit | 1,586 | | 1,826 | 1,420 | 2,032 | 3,949 | |
| Average HAC ¹ | | | | | | | |
| Number of retired members | 1 | | 1 | 2 | 11 | 3 | |
| Period 7/1/2001 - 6/30/2002 | | | | | | | |
| Average monthly benefit | | 1,367 | 1,144 | 1,789 | 2,467 | 3,796 | |
| Average HAC ¹ | | | | | | | |
| Number of retired members | | 1 | 3 | 1 | 8 | 2 | |
| Period 7/1/2000 - 6/30/2001 | | | | | | | |
| Average monthly benefit | | | | 1,937 | 2,333 | 1,944 | 3,706 |
| Average HAC ¹ | | | | | | | |
| Number of retired members | | | | 1 | 16 | 1 | 2 |
| Period 7/1/1999 - 6/30/2000 | | | | | | | |
| Average monthly benefit | 1,726 | | | 1,320 | 2,168 | 3,299 | |
| Average HAC ¹ | | | | | | | |
| Number of retired members | 1 | | | 3 | 4 | 5 | |
| Period 7/1/1998 - 6/30/1999 | | | | | | | |
| Average monthly benefit | 465 | 1,655 | 1,549 | 2,285 | 4,058 | | |
| Average HAC ¹ | | | | | | | |
| Number of retired members | 1 | 2 | 2 | 11 | 3 | | |
| Period 7/1/1997 - 6/30/1998 | | | | | | | |
| Average monthly benefit | 1,182 | 423 | 1,403 | 1,829 | 1,987 | 3,015 | |
| Average HAC ¹ | | | | | | | |
| Number of retired members | 1 | 1 | 3 | 1 | 16 | 3 | |

¹ Highest Average Compensation unavailable prior to FY2006. HAC = Highest Average Compensation.

STATISTICAL SECTION

Public Employees' Retirement Board A Component Unit of the State of Montana Average Benefit Payments, Last Ten Fiscal Years

Firefighters' Unified Retirement System

| Retirement Effective Dates | Years of Credited Service | | | | | | |
|-----------------------------|---------------------------|----------|----------|----------|----------|----------|-------|
| | 0-5 | 5-10 | 10-15 | 15-20 | 20-25 | 25-30 | 30+ |
| Period 7/1/2006 - 6/30/2007 | | | | | | | |
| Average monthly benefit | \$ 1,812 | \$ 1,260 | \$ 2,715 | \$ 2,433 | \$ 3,156 | \$ 4,592 | |
| Average HAC ¹ | 3,625 | 3,254 | 5,431 | 3,040 | 2,886 | 5,019 | |
| Number of retired members | 2 | 2 | 1 | 5 | 3 | 8 | |
| Period 7/1/2005 - 6/30/2006 | | | | | | | |
| Average monthly benefit | 1,374 | 2,118 | 1,890 | 2,719 | 2,770 | \$3,916 | |
| Average HAC ¹ | 2,749 | 4,235 | 2,202 | 4,049 | 4,049 | \$4,480 | |
| Number of retired members | 2 | 1 | 2 | 1 | 4 | 8 | |
| Period 7/1/2004 - 6/30/2005 | | | | | | | |
| Average monthly benefit | 1,753 | | 1,566 | 1,853 | 2,249 | 3,368 | |
| Average HAC ¹ | | | | | | | |
| Number of retired members | 1 | | 2 | 5 | 3 | 2 | |
| Period 7/1/2003 - 6/30/2004 | | | | | | | |
| Average monthly benefit | 1,687 | 1,677 | 1,758 | 1,725 | 3,062 | 3,668 | |
| Average HAC ¹ | | | | | | | |
| Number of retired members | 1 | 1 | 1 | 6 | 5 | 9 | |
| Period 7/1/2002 - 6/30/2003 | | | | | | | |
| Average monthly benefit | | | 225 | 2,230 | 3,096 | 3,544 | |
| Average HAC ¹ | | | | | | | |
| Number of retired members | | | 1 | 1 | 5 | 3 | |
| Period 7/1/2001 - 6/30/2002 | | | | | | | |
| Average monthly benefit | 1,446 | | | 2,367 | 3,311 | 3,664 | |
| Average HAC ¹ | | | | | | | |
| Number of retired members | 1 | | | 4 | 5 | 7 | |
| Period 7/1/2000 - 6/30/2001 | | | | | | | |
| Average monthly benefit | 1,263 | 1,029 | 1,189 | 1,126 | 1,920 | 2,909 | 3,489 |
| Average HAC ¹ | | | | | | | |
| Number of retired members | 1 | 1 | 1 | 2 | 3 | 7 | 4 |
| Period 7/1/1999 - 6/30/2000 | | | | | | | |
| Average monthly benefit | 67 | 1,994 | | 2,011 | 2,495 | 3,404 | |
| Average HAC ¹ | | | | | | | |
| Number of retired members | 1 | 1 | | 8 | 9 | 5 | |
| Period 7/1/1998 - 6/30/1999 | | | | | | | |
| Average monthly benefit | | | 1,637 | 1,568 | 2,735 | 3,839 | |
| Average HAC ¹ | | | | | | | |
| Number of retired members | | | 1 | 6 | 5 | 7 | |
| Period 7/1/1997 - 6/30/1998 | | | | | | | |
| Average monthly benefit | 1,316 | | | 1,793 | 2,359 | 3,292 | |
| Average HAC ¹ | | | | | | | |
| Number of retired members | 2 | | | 11 | 8 | 8 | |

¹ Highest Average Compensation unavailable prior to FY2006. HAC = Highest Average Compensation.

Public Employees' Retirement Board

A Component Unit of the State of Montana

Average Benefit Payments, Last Ten Fiscal Years

Volunteer Firefighters' Compensation Act

| Retirement Effective Dates | Years of Credited Service | | | | | | |
|-----------------------------------|----------------------------------|-------------|--------------|--------------|--------------|--------------|------------|
| | 0-5 | 5-10 | 10-15 | 15-20 | 20-25 | 25-30 | 30+ |
| Period 7/1/2006 - 6/30/2007 | | | | | | | |
| Average monthly benefit | \$ | \$ | 75 | \$ | 90 | \$ | 144 |
| Average HAC ¹ | | | 5 | | 16 | | 22 |
| Number of retired members | | | | | | | |
| Period 7/1/2005 - 6/30/2006 | | | | | | | |
| Average monthly benefit | | | | | 96 | | 147 |
| Average HAC ¹ | | | | | | | 166 |
| Number of retired members | | | | 14 | | 17 | 22 |
| Period 7/1/2004 - 6/30/2005 | | | | | | | |
| Average monthly benefit | | 446 | | 650 | | 354 | 156 |
| Average HAC ¹ | | | | | | | 210 |
| Number of retired members | | 8 | | 19 | | 28 | 8 |
| Period 7/1/2003 - 6/30/2004 | | | | | | | |
| Average monthly benefit | | 75 | | 554 | | 539 | 150 |
| Average HAC ¹ | | | | | | | 150 |
| Number of retired members | | 5 | | 18 | | 30 | 2 |
| Period 7/1/2002 - 6/30/2003 | | | | | | | |
| Average monthly benefit | | 75 | | 98 | | 149 | |
| Average HAC ¹ | | | | | | | |
| Number of retired members | | 9 | | 8 | | 46 | |
| Period 7/1/2001 - 6/30/2002 | | | | | | | |
| Average monthly benefit | | 75 | | 1,556 | | 743 | |
| Average HAC ¹ | | | | | | | |
| Number of retired members | | 5 | | 22 | | 42 | |
| Period 7/1/2000 - 6/30/2001 | | | | | | | |
| Average monthly benefit | | 75 | | 95 | | 148 | |
| Average HAC ¹ | | | | | | | |
| Number of retired members | | 3 | | 12 | | 38 | |
| Period 7/1/1999 - 6/30/2000 | | | | | | | |
| Average monthly benefit | | 75 | | 94 | | 147 | |
| Average HAC ¹ | | | | | | | |
| Number of retired members | | 6 | | 14 | | 51 | |
| Period 7/1/1998 - 6/30/1999 | | | | | | | |
| Average monthly benefit | | 75 | | 96 | | 148 | |
| Average HAC ¹ | | | | | | | |
| Number of retired members | | 6 | | 7 | | 36 | |
| Period 7/1/1997 - 6/30/1998 | | | | | | | |
| Average monthly benefit | | 75 | | 86 | | 145 | |
| Average HAC ¹ | | | | | | | |
| Number of retired members | | 4 | | 10 | | 38 | |

¹ Highest Average Compensation is not applicable to the VFCA. Members are unpaid volunteers and do not contribute to the fund.

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Average Monthly Benefit Payments, All Retirees

For the Fiscal Year Ended 2007

| System | Years of Service | Recipients's Age | | | | | | | | | | Average |
|------------------|------------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------|
| | | < 45 | 45-49 | 50-54 | 55-59 | 60-64 | 65-69 | 70-74 | 75-79 | Over 80 | | |
| PERS-DBRP | 0-4 | \$ 205 | \$ 53 | \$ 248 | \$ 314 | \$ 237 | \$ 196 | \$ 198 | \$ 106 | \$ 303 | \$ 228 | |
| | 5-9 | 348 | 360 | 288 | 269 | 279 | 267 | 271 | 229 | 242 | 259 | |
| | 10-14 | 589 | 657 | 380 | 434 | 452 | 468 | 429 | 379 | 390 | 420 | |
| | 15-19 | 492 | 838 | 576 | 585 | 693 | 686 | 668 | 607 | 565 | 630 | |
| | 20-24 | | 1,045 | 855 | 872 | 984 | 928 | 891 | 842 | 779 | 875 | |
| | 25-29 | 1,690 | 1,562 | 1,823 | 1,641 | 1,515 | 1,374 | 1,257 | 1,144 | 998 | 1,329 | |
| | 30-34 | | 2,141 | 2,417 | 2,345 | 2,126 | 1,859 | 1,608 | 1,487 | 1,309 | 1,882 | |
| | 35-39 | | | 2,046 | 2,663 | 2,785 | 2,311 | 2,170 | 1,888 | 1,563 | 2,157 | |
| | 40-UP | | | | 4,122 | 3,130 | 3,335 | 2,531 | 2,447 | 1,857 | 2,500 | |
| Average | | \$ 512 | \$ 1,050 | \$ 1,233 | \$ 1,264 | \$ 1,096 | \$ 938 | \$ 828 | \$ 728 | \$ 638 | \$ 879 | |
| <hr/> | | | | | | | | | | | | |
| JRS | 0-4 | | | | | | | | | | | |
| | 5-9 | | | | \$ 557 | \$ 2,242 | \$ 1,897 | \$ 1,518 | \$ 1,576 | | | |
| | 10-14 | | | | | 2,296 | 2,513 | 2,686 | 2,768 | 2,643 | | |
| | 15-19 | | | | | | 3,743 | 3,987 | 3,977 | 2,613 | 3,053 | |
| | 20-24 | | | | | 4,771 | | | | 3,654 | 3,933 | |
| | 25-29 | | | | | | 4,154 | | 4,621 | 4,660 | 4,478 | |
| | 30-34 | | | | | | | | 5,466 | 5,411 | 5,439 | |
| | 35-39 | | | | | | | | | | | |
| | 40-UP | | | | | | | | | | | |
| Average | | \$ 557 | \$ 2,915 | \$ 3,380 | \$ 2,856 | \$ 3,349 | \$ 2,746 | \$ 2,894 | | | | |
| <hr/> | | | | | | | | | | | | |
| HPORS | 0-4 | \$ 1,245 | \$ 1,286 | \$ 658 | \$ 1,358 | | \$ 1,077 | | | | | \$ 1,056 |
| | 5-9 | 1,608 | 1,647 | 1,409 | 1,217 | | | | | | | 1,345 |
| | 10-14 | 1,928 | 1,014 | 1,708 | 588 | | 196 | 360 | 956 | 225 | 758 | |
| | 15-19 | | | 1,597 | | | 1,409 | 804 | 512 | | 1,034 | |
| | 20-24 | 2,320 | 2,247 | 1,995 | 1,922 | 1,571 | 1,377 | 1,300 | 1,384 | 1,121 | 1,555 | |
| | 25-29 | | | 3,275 | 2,853 | 2,391 | 2,185 | 1,482 | 1,422 | 1,359 | 2,002 | |
| | 30-34 | | | | 3,554 | 3,286 | 3,213 | 2,180 | 2,087 | 1,516 | 2,668 | |
| | 35-39 | | | | | 4,297 | 3,984 | | 2,948 | 1,787 | 3,419 | |
| | 40-UP | | | | | | | | 5,109 | 1,966 | 3,538 | |
| Average | | \$ 1,599 | \$ 1,864 | \$ 2,007 | \$ 2,218 | \$ 2,222 | \$ 2,035 | \$ 1,416 | \$ 1,647 | \$ 1,295 | \$ 1,843 | |
| <hr/> | | | | | | | | | | | | |
| SRS | 0-4 | \$ 739 | \$ 1,347 | \$ 958 | \$ 672 | \$ 806 | \$ 44 | \$ 361 | \$ 339 | \$ - | \$ 736 | |
| | 5-9 | 777 | 1,641 | 710 | 718 | 815 | 597 | 528 | 331 | 481 | 743 | |
| | 10-14 | 1,954 | 1,401 | 1,025 | 868 | 860 | 636 | 1,169 | 891 | 493 | 858 | |
| | 15-19 | 1,605 | | 1,718 | 1,158 | 873 | 1,342 | 853 | 1,009 | 696 | 1,080 | |
| | 20-24 | 1,950 | 1,730 | 1,860 | 1,963 | 1,522 | 1,761 | 951 | | 769 | 1,683 | |
| | 25-29 | | 2,618 | 2,824 | 2,741 | 2,709 | 2,268 | 1,721 | 799 | 1,008 | 2,250 | |
| | 30-34 | | | 3,693 | 3,204 | 2,309 | 3,180 | | 1,192 | 1,866 | 2,598 | |
| | 35-39 | | | | | 2,228 | 2,683 | | 2,836 | | 2,582 | |
| | 40-UP | | | | | | | | | | | |
| Average | | \$ 1,252 | \$ 1,715 | \$ 1,760 | \$ 1,807 | \$ 1,417 | \$ 1,619 | \$ 1,098 | \$ 924 | \$ 845 | \$ 1,512 | |

STATISTICAL SECTION

| System | Years of Service | Recipients's Age | | | | | | | | | | Average |
|---------------|------------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------|
| | | < 45 | 45-49 | 50-54 | 55-59 | 60-64 | 65-69 | 70-74 | 75-79 | Over 80 | | |
| GWPORS | 0-4 | | | | | | | | | | | |
| | 5-9 | \$ 1,492 | \$ 1,492 | \$ 1,279 | \$ 602 | \$ 418 | \$ 401 | \$ 1,320 | \$ 715 | \$ 779 | \$ 559 | \$ 559 |
| | 10-14 | | | | 882 | 1,001 | | | | | | 1,121 |
| | 15-19 | | | | 1,199 | | | | 715 | 779 | | 887 |
| | 20-24 | | | 1,681 | 1,316 | 1,149 | 1,440 | 1,361 | 1,502 | 892 | | 1,307 |
| | 25-29 | | | 1,613 | 1,883 | 2,044 | 1,852 | 1,756 | 1,665 | 1,275 | | 1,644 |
| | 30-34 | | | 3,127 | 3,859 | 2,649 | | 2,356 | 2,206 | 1,307 | | 2,378 |
| | 35-39 | | | 3,782 | 2,572 | | 2,701 | 3,161 | | 1,946 | | 2,500 |
| | 40-UP | | | | 3,611 | | | | | | | 3,611 |
| | Average | \$ 1,492 | \$ 2,337 | \$ 1,417 | \$ 1,537 | \$ 1,484 | \$ 2,043 | \$ 1,492 | \$ 1,334 | \$ 1,603 | | |
| MPORS | 0-4 | \$ 1,445 | \$ 1,414 | \$ 1,358 | \$ 1,135 | \$ 1,349 | \$ 1,332 | \$ 1,353 | \$ 1,369 | \$ 1,363 | | |
| | 5-9 | 1,778 | 1,289 | 1,236 | 969 | 1,430 | 1,502 | 1,302 | 1,453 | 1,522 | | 1,354 |
| | 10-14 | 1,921 | 1,708 | 1,505 | 1,330 | 1,433 | 1,461 | 1,531 | 1,434 | 1,338 | | 1,451 |
| | 15-19 | 1,951 | | 1,730 | 1,639 | 1,570 | 1,434 | 1,482 | 1,581 | 1,511 | | 1,581 |
| | 20-24 | 1,927 | 2,192 | 2,018 | 1,983 | 1,873 | 1,651 | 1,580 | 1,620 | 1,573 | | 1,789 |
| | 25-29 | | | 3,889 | 3,847 | 3,071 | 2,335 | 2,303 | 2,227 | 1,622 | | 2,854 |
| | 30-34 | | | | 4,493 | 4,399 | 3,229 | 2,200 | 2,172 | 1,819 | | 3,126 |
| | 35-39 | | | | | | | | | 2,260 | | 2,260 |
| | 40-UP | | | | | | | | | | | |
| | Average | \$ 1,733 | \$ 2,037 | \$ 1,994 | \$ 2,045 | \$ 2,001 | \$ 1,689 | \$ 1,664 | \$ 1,649 | \$ 1,566 | \$ 1,826 | |
| FURS | 0-4 | \$ 1,490 | \$ 1,418 | \$ 1,489 | \$ 1,621 | \$ 1,600 | | | \$ 228 | \$ 1,307 | | |
| | 5-9 | 1,792 | | 199 | 990 | 1,353 | | | 1,370 | 1,526 | | 1,294 |
| | 10-14 | 2,181 | 1,523 | 1,344 | 1,455 | 998 | 1,207 | 1,554 | 1,556 | 1,589 | | 1,405 |
| | 15-19 | | 1,202 | 1,655 | 1,698 | 1,250 | 1,078 | 1,576 | 1,349 | 1,188 | | 1,384 |
| | 20-24 | 1,620 | 1,983 | 2,011 | 1,846 | 1,607 | 1,501 | 1,388 | 1,280 | 1,466 | | 1,594 |
| | 25-29 | | 2,261 | 3,215 | 2,758 | 2,709 | 1,965 | 1,619 | 1,364 | 1,397 | | 2,095 |
| | 30-34 | | | 4,320 | 3,906 | 3,624 | 3,340 | 2,230 | 1,395 | 1,555 | | 3,274 |
| | 35-39 | | | | | 4,384 | 4,431 | 3,802 | 3,015 | 1,645 | | 3,556 |
| | 40-UP | | | | | | | | 197 | | | 197 |
| | Average | \$ 1,780 | \$ 1,823 | \$ 2,078 | \$ 2,541 | \$ 2,404 | \$ 2,035 | \$ 1,729 | \$ 1,450 | \$ 1,436 | \$ 1,973 | |
| VFCA | 0-4 | | | | | | | | | | | |
| | 5-9 | | | | | | | | | | | |
| | 10-14 | | | | \$ 88 | \$ 85 | \$ 86 | \$ 86 | \$ 84 | \$ 86 | | 86 |
| | 15-19 | | | | 125 | 127 | 126 | 125 | 125 | 125 | | 126 |
| | 20-24 | | | 154 | 151 | 150 | 150 | 150 | 150 | 150 | | 151 |
| | 25-29 | | | 192 | 180 | 195 | 210 | | | | | 192 |
| | 30-34 | | | 225 | 225 | 225 | 225 | | | | | 225 |
| | 35-39 | | | 225 | | | 225 | | | | | 225 |
| | 40-UP | | | | | | | | | | | |
| | Average | \$ 161 | \$ 133 | \$ 132 | \$ 130 | \$ 128 | \$ 121 | \$ 333 | | | | |

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Principal Participating Employers

Current Year and Nine Years Ago

| Participating Government | As of June 30, 2007 | | | As of June 30, 1998 | | |
|------------------------------------|--------------------------------|------|----------------------------|--------------------------------|------|----------------------------|
| | Covered Employees ¹ | Rank | Percentage of Total System | Covered Employees ¹ | Rank | Percentage of Total System |
| PERS-DBRP | | | | | | |
| STATE OF MONTANA ² | 10,753 | 1 | 38.21 | 10,469 | 1 | 36.57 |
| UNIVERSITY OF MONTANA | 1,086 | 2 | 3.86 | 1,058 | 2 | 3.70 |
| MONTANA STATE UNIVERSITY - BOZEMAN | 1,021 | 3 | 3.63 | 1,041 | 3 | 3.64 |
| MISSOULA COUNTY | 552 | 4 | 1.96 | 491 | 5 | 1.72 |
| CITY OF BILLINGS | 544 | 5 | 1.93 | 518 | 4 | 1.81 |
| GREAT FALLS PUBLIC SCHOOLS | 415 | 6 | 1.47 | 470 | 6 | 1.64 |
| FLATHEAD COUNTY | 381 | 7 | 1.35 | 398 | 8 | 1.39 |
| SCHOOL DISTRICT 2 - BILLINGS | 360 | 8 | 1.28 | 422 | 7 | 1.47 |
| CASCADE COUNTY | 353 | 9 | 1.25 | 358 | 10 | 1.25 |
| CITY OF GREAT FALLS | 342 | 10 | 1.22 | 329 | 12 | 1.15 |
| YELLOWSTONE COUNTY | 319 | 11 | 1.13 | 379 | 9 | 1.32 |
| All other ³ | 12,019 | | 41.76 | 12,103 | | 42.30 |
| TOTAL (493 EMPLOYERS) | 28,145 | | 99.05 | 28,036 | | 100.00 |

³In 2007, "all other" consisted of:

| Type | Number | Employees |
|----------------|------------|---------------|
| Cities & Towns | 94 | 2,320 |
| Counties | 51 | 3,668 |
| Other Agencies | 98 | 1,162 |
| School Dist | 236 | 4,415 |
| Universities | 3 | 454 |
| Total | 482 | 12,019 |

¹ Employee counts are based on June payrolls. Differences in employee counts in this schedule as compared to other CAFR schedules are due to member with multiple employers, June 30th refunded members and members with dual retirement system elections

²For the purposes of this schedule the "State of Montana" is considered one employer. There are a total of 36 State of Montana agencies reporting to the PERS-DBRP.

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Principal Participating Employers (cont.)

Current Year and Nine Years Ago

| Participating Government | As of June 30, 2007 | | | As of June 30, 1998 | | |
|---|--------------------------------|------|----------------------------|--------------------------------|------|----------------------------|
| | Covered Employees ¹ | Rank | Percentage of Total System | Covered Employees ¹ | Rank | Percentage of Total System |
| JRS | | | | | | |
| STATE OF MONTANA ² | 51 | 1 | 100.00 | 44 | 1 | 100 |
| TOTAL (1 EMPLOYER) | 51 | | 100.00 | 44 | | 100 |
| <hr/> | | | | | | |
| HPORS | | | | | | |
| STATE OF MONTANA ² | 203 | 1 | 100.00 | 186 | 1 | 100 |
| TOTAL (1 EMPLOYER) | 203 | | 100.00 | 186 | | 100 |
| <hr/> | | | | | | |
| SRS | | | | | | |
| MISSOULA COUNTY | 113 | 1 | 10.42 | 45 | 2 | 7.26 |
| YELLOWSTONE COUNTY | 97 | 2 | 8.95 | 50 | 1 | 8.06 |
| CASCADE COUNTY | 81 | 3 | 7.47 | 33 | 4 | 5.32 |
| FLATHEAD COUNTY | 75 | 4 | 6.92 | 41 | 3 | 6.61 |
| GALLATIN COUNTY | 70 | 5 | 6.46 | 32 | 5 | 5.16 |
| LEWIS & CLARK COUNTY | 54 | 6 | 4.98 | 30 | 7 | 4.84 |
| STATE OF MONTANA ² | 43 | 7 | 3.97 | 32 | 6 | 5.16 |
| RAVALLI COUNTY | 40 | 8 | 3.69 | 24 | 8 | 3.87 |
| DAWSON COUNTY | 40 | 9 | 3.69 | 7 | 35 | 1.13 |
| LAKE COUNTY | 33 | 10 | 3.04 | 15 | 11 | 2.42 |
| LINCOLN COUNTY | 28 | 11 | 2.58 | 18 | 10 | 2.90 |
| ROSEBUD COUNTY | 18 | 14 | 1.66 | 19 | 9 | 3.06 |
| In 2006 All other consists of 45 Counties | 392 | | 36.16 | 274 | | 44.19 |
| TOTAL (57 EMPLOYERS) | 1,084 | | 100.00 | 620 | | 100.00 |
| <hr/> | | | | | | |
| GWPORS | | | | | | |
| STATE OF MONTANA ² | 790 | 1 | 96.46 | 312 | 1 | 95.41 |
| MONTANA STATE UNIVERSITY - BOZEMAN | 14 | 2 | 1.71 | 6 | 3 | 1.83 |
| UNIVERSITY OF MONTANA | 11 | 3 | 1.34 | 8 | 2 | 2.45 |
| MONTANA STATE UNIVERSITY - BILLINGS | 4 | 4 | 0.49 | 1 | 4 | 0.31 |
| TOTAL (4 EMPLOYERS) | 819 | | 100.00 | 327 | | 100.00 |

¹ Employee counts are based on June payrolls. Differences in employee counts in this schedule as compared to other CAFR schedules are due to member with multiple employers, June 30th refunded members and members with dual retirement system elections

²For the purposes of this schedule the "State of Montana" is considered one employer. There is only 1 State of Montana agency reporting under each of the JRS, HPORS and SRS. There are a total of 4 State of Montana agencies reporting under the GWPORS

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Principal Participating Employers (cont.)

Current Year and Nine Years Ago

| Participating Government | As of June 30, 2007 | | | As of June 30, 1998 | | |
|---|--------------------------------|------|----------------------------|--------------------------------|------|----------------------------|
| | Covered Employees ¹ | Rank | Percentage of Total System | Covered Employees ¹ | Rank | Percentage of Total System |
| MPORS | | | | | | |
| CITY OF BILLINGS | 130 | 1 | 20.34 | 120 | 1 | 21.82 |
| CITY OF MISSOULA | 102 | 2 | 15.96 | 74 | 2 | 13.45 |
| CITY OF GREAT FALLS | 81 | 3 | 12.68 | 72 | 3 | 13.09 |
| CITY OF HELENA | 50 | 4 | 7.82 | 44 | 5 | 8.00 |
| CITY OF BOZEMAN | 44 | 5 | 6.89 | 39 | 6 | 7.09 |
| BUTTE-SILVER BOW | 42 | 6 | 6.57 | 45 | 4 | 8.18 |
| CITY OF KALISPELL | 35 | 7 | 5.48 | 26 | 7 | 4.73 |
| ANACONDA-DEER LODGE COUNTY | 18 | 8 | 2.82 | 22 | 8 | 4.00 |
| CITY OF HAVRE | 18 | 9 | 2.82 | 19 | 9 | 3.45 |
| CITY OF WHITEFISH | 14 | 10 | 2.19 | 7 | 16 | 1.27 |
| CITY OF MILES CITY | 13 | 11 | 2.03 | 15 | 10 | 2.73 |
| In 2007 All other consists of 12 Cities | 92 | | 14.40 | 67 | | 12.19 |
| TOTAL (23 EMPLOYERS) | 639 | | 100.00 | 550 | | 100.00 |
| FURS | | | | | | |
| CITY OF BILLINGS | 115 | 1 | 23.86 | 106 | 1 | 23.50 |
| CITY OF MISSOULA | 80 | 2 | 16.60 | 71 | 2 | 15.74 |
| CITY OF GREAT FALLS | 65 | 3 | 13.49 | 64 | 3 | 14.19 |
| CITY OF HELENA | 36 | 4 | 7.47 | 36 | 4 | 7.98 |
| CITY OF KALISPELL | 35 | 5 | 7.26 | 21 | 7 | 4.66 |
| BUTTE-SILVER BOW | 32 | 6 | 6.64 | 34 | 5 | 7.54 |
| CITY OF BOZEMAN | 30 | 7 | 6.22 | 28 | 6 | 6.21 |
| CITY OF HAVRE | 17 | 8 | 3.53 | 17 | 9 | 3.77 |
| CITY OF LIVINGSTON | 15 | 9 | 3.11 | 16 | 10 | 3.55 |
| CITY OF MILES CITY | 14 | 10 | 2.90 | 15 | 11 | 3.33 |
| CITY OF GLENDALE | 5 | 15 | 1.04 | 20 | 8 | 4.43 |
| In 2007 All other consists of 5 Cities and 1 State Agency | 38 | | 7.88 | 23 | | 5.10 |
| TOTAL (17 EMPLOYERS) | 482 | | 100.00 | 451 | | 100.00 |

VFCA

Participating employers is not applicable to VFCA because members are unpaid volunteers.

¹ Employee counts are based on June payrolls. Differences in employee counts in this schedule as compared to other CAFR schedules are due to members with multiple employers, June 30th refunded members and members with dual retirement system elections.

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Principal Participating Employers (cont.)

Current Year and Nine Years Ago

| Participating Government | As of June 30, 2007 | | | As of June 30, 1998 ¹ | | |
|-------------------------------------|--------------------------------|------|----------------------------|----------------------------------|------|----------------------------|
| | Covered Employees ² | Rank | Percentage of Total System | Covered Employees | Rank | Percentage of Total System |
| PERS-DCRP | | | | | | |
| STATE OF MONTANA ³ | 723 | 1 | 45.38 | | | |
| CITY OF BILLINGS | 50 | 2 | 3.14 | | | |
| MISSOULA COUNTY | 36 | 3 | 2.26 | | | |
| YELLOWSTONE CITY-COUNTY HEALTH DEPT | 29 | 4 | 1.82 | | | |
| UNIVERSITY OF MONTANA | 28 | 5 | 1.76 | | | |
| CITY OF MISSOULA | 26 | 6 | 1.63 | | | |
| GALLATIN COUNTY | 25 | 7 | 1.57 | | | |
| YELLOWSTONE COUNTY | 25 | 8 | 1.57 | | | |
| FLATHEAD COUNTY | 24 | 9 | 1.51 | | | |
| MONTANA STATE UNIVERSITY - BOZEMAN | 23 | 10 | 1.44 | | | |
| All other ⁴ | 604 | | 37.92 | | | |
| TOTAL (210 EMPLOYERS) | 1,593 | | 100.00 | | | |

⁴In 2007, "all other" consisted of:

| Type | Number | Employees |
|----------------|--------|-----------|
| Cities & Towns | 41 | 131 |
| Counties | 39 | 185 |
| Other Agencies | 33 | 86 |
| School Dist | 84 | 184 |
| Universities | 3 | 18 |
| Total | 200 | 604 |

Deferred Compensation Plan

| | | | |
|---|-------|----|--------|
| STATE OF MONTANA ³ | 4,495 | 1 | 91.63 |
| UNIVERSITY OF MONTANA | 129 | 2 | 2.64 |
| MONTANA STATE UNIVERSITY - BOZEMAN | 108 | 3 | 2.21 |
| LEWIS & CLARK COUNTY | 66 | 4 | 1.36 |
| GREAT FALLS TRANSIT | 44 | 5 | 0.91 |
| MONTANA STATE UNIVERSITY - BILLINGS | 22 | 6 | 0.45 |
| MONTANA STATE UNIVERSITY - HAVRE | 15 | 7 | 0.31 |
| CARTER COUNTY | 6 | 8 | 0.12 |
| MSU COLLEGE OF TECHNOLOGY - GREAT FALLS | 8 | 9 | 0.16 |
| BIG SKY WATER & SEWER | 5 | 10 | 0.10 |
| DAWSON COLLEGE | 5 | 11 | 0.10 |
| SCHOOL DISTRICT 2 - BILLINGS | 3 | 12 | 0.01 |
| TOTAL (12 EMPLOYERS) | 4,906 | | 100.00 |

¹This information was not available for the DCRP or Deferred Compensation Plan prior to this fiscal year. The implementation of the DCRP was July 1, 2002 and MPERA began administering the deferred compensation plan July 1, 1999.

²Employee counts are based on June payrolls. Differences in employee counts in this schedule as compared to other CAFR schedules are due to members with multiple employers, June 30th refunded members and members with dual retirement system elections.

³For the purposes of this schedule the "State of Montana" is considered one employer. There are a total of 28 State of Montana agencies reporting to the PERS-DCRP.

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Participating Employers

As of June 30, 2007

PERS-DBRP (528)

State Agencies (36)

Appellate Defender
Board of Crime Control
Board of Public Education
Commissioner of Higher Education
Commissioner of Political Practices
Consumer Council
Dept of Administration
Dept of Agriculture
Dept of Commerce
Dept of Corrections
Dept of Environmental Quality
Dept of Fish, Wildlife & Parks
Dept of Justice
Dept of Labor & Industry
Dept of Livestock
Dept of Military Affairs
Dept of Natural Resources & Conservation
Dept of Public Health & Human Services
Dept of Revenue
Dept of Transportation
Governor's Office
Legislative Council
Montana Arts Council
Montana Consensus Council
Montana Historical Society
Montana State Fund
Montana State Library
Office of Public Defender
Office of Public Instruction
Public Employee Retirement Administration
Public Service Commission

School for the Deaf & Blind
Secretary of State
State Auditor's Office
Supreme Court
Teachers' Retirement System

Phillips
Pondera
Powder River
Powell
Prairie
Ravalli
Richland
Roosevelt
Rosebud
Sanders
Sheridan
Stillwater
Sweet Grass
Teton
Toole
Treasure Valley
Wheatland
Wibaux
Yellowstone

Counties (55)

Anaconda-Deer Lodge
Beaverhead
Big Horn
Blaine
Broadwater
Carbon
Carter
Cascade
Chouteau
Custer
Daniels
Dawson
Fallon
Fergus
Flathead
Gallatin
Garfield
Glacier
Golden Valley
Granite
Hill
Jefferson
Judith Basin
Lake
Lewis & Clark
Liberty
Lincoln
Madison
McCone
Meagher
Mineral
Missoula
Musselshell
Park
Petroleum

Cities & Towns (96)

Alberton
Baker
Belgrade
Belt
Big Sandy
Big Timber
Billings
Boulder
Bozeman
Bridger
Broadus
Browning
Butte-Silver Bow
Cascade
Chester
Chinook
Choteau
Circle
Colstrip
Columbia Falls
Columbus
Conrad

STATISTICAL SECTION

Cities & Towns (cont.)

| | | |
|---------------|---|------------------------|
| Culbertson | Shelby | SD 1, Deer Lodge |
| Cut Bank | Sheridan | SD 1, Fort Benton |
| Deer Lodge | Sidney | SD 1, Glasgow |
| Dillon | St Ignatius | SD 1, Glendive |
| Drummond | Stanford | SD 1, Great Falls |
| East Helena | Stevensville | SD 1, Heart Butte |
| Ekalaka | Sunburst | SD 1, Helena |
| Ennis | Superior | SD 1, Kalispell |
| Eureka | Terry | SD 1, Lewistown |
| Fairfield | Thompson Falls | SD 1, Miles City |
| Fairview | Three Forks | SD 1, Missoula |
| Forsyth | Townsend | SD 1, Phillipsburg |
| Fort Benton | Troy | SD 1, Plains |
| Fort Peck | Twin Bridges | SD 1, Red Lodge |
| Froid | Valier | SD 1, Scobey |
| Geraldine | Westby | SD 1, Troy |
| Glasgow | White Sulphur Springs | SD 1 & 7, Hysham |
| Glendive | Whitefish | SD 1 & 7, Townsend |
| Grass Range | Wibaux | SD 2, Alberton |
| Great Falls | Winnett | SD 2, Alder |
| Hamilton | Wolf Point | SD 2, Billings |
| Hardin | | SD 2, Bridger |
| Harlem | | SD 2, Deer Park |
| Harlowton | | SD 2, Dodson |
| Havre | | SD 2, Dupuyer |
| Helena | Montana State University - Bozeman | SD 2, Frazer |
| Hot Springs | Montana State University - Billings | SD 2, Peerless |
| Kalispell | Montana State University - Northern | SD 2, Stevensville |
| Laurel | MSU College of Technology – Great Falls | SD 2, Sunburst |
| Lewistown | University of Montana - Missoula | SD 2, Thompson Falls |
| Libby | | SD 2 & 3, Pryor |
| Lima | | SD 2 & 11, Big Sandy |
| Livingston | | SD 2 & 27, Lodge Grass |
| Malta | | SD 3, Belfry |
| Manhattan | | SD 3, Billings |
| Medicine Lake | | SD 3, Cascade |
| Melstone | | SD 3, Fair Mont Egan |
| Miles City | Beaverhead County | SD 3, Hamilton |
| Missoula | Garfield County | SD 3, Manhattan |
| Moore | Jefferson County | SD 3, Ramsey |
| Nashua | Powder River County | SD 3, Superior |
| Phillipsburg | Powell County | SD 3, Westby |
| Plains | Sweet Grass County | SD 3, Wolf Point |
| Plentywood | | SD 3 & 13, Fairview |
| Polson | | SD 4, Billings |
| Poplar | | SD 4, Canyon Creek |
| Red Lodge | SD 1, Big Timber | SD 4, Forsyth |
| Richey | SD 1, Butte | SD 4, Hellgate |
| Ronan | SD 1, Choteau | SD 4, Libby |
| Roundup | SD 1, Circle | SD 4, Livingston |
| Ryegate | SD 1, Clancy | SD 4, Swan River |
| Saco | SD 1, Corvallis | SD 4 & 28, Highwood |
| Scobey | | SD 4 & 47, Whitehall |

Colleges & Universities (5)

| | |
|---|------------------------|
| Montana State University - Bozeman | SD 2, Frazer |
| Montana State University - Billings | SD 2, Peerless |
| Montana State University - Northern | SD 2, Stevensville |
| MSU College of Technology – Great Falls | SD 2, Sunburst |
| University of Montana - Missoula | SD 2, Thompson Falls |
| | SD 2 & 3, Pryor |
| | SD 2 & 11, Big Sandy |
| | SD 2 & 27, Lodge Grass |
| | SD 3, Belfry |
| | SD 3, Billings |
| | SD 3, Cascade |
| | SD 3, Fair Mont Egan |
| | SD 3, Hamilton |
| | SD 3, Manhattan |
| | SD 3, Ramsey |
| | SD 3, Superior |
| | SD 3, Westby |
| | SD 3, Wolf Point |
| | SD 3 & 13, Fairview |
| | SD 4, Billings |
| | SD 4, Canyon Creek |
| | SD 4, Forsyth |
| | SD 4, Hellgate |
| | SD 4, Libby |
| | SD 4, Livingston |
| | SD 4, Swan River |
| | SD 4 & 28, Highwood |
| | SD 4 & 47, Whitehall |

High Schools (6)

| | |
|---------------------|----------------------|
| Beaverhead County | SD 3, Hamilton |
| Garfield County | SD 3, Manhattan |
| Jefferson County | SD 3, Ramsey |
| Powder River County | SD 3, Superior |
| Powell County | SD 3, Westby |
| Sweet Grass County | SD 3, Wolf Point |
| | SD 3 & 13, Fairview |
| | SD 4, Billings |
| | SD 4, Canyon Creek |
| | SD 4, Forsyth |
| | SD 4, Hellgate |
| | SD 4, Libby |
| | SD 4, Livingston |
| | SD 4, Swan River |
| | SD 4 & 28, Highwood |
| | SD 4 & 47, Whitehall |

School Districts (232)

| | |
|------------------|----------------------|
| SD 1, Big Timber | SD 4, Forsyth |
| SD 1, Butte | SD 4, Hellgate |
| SD 1, Choteau | SD 4, Libby |
| SD 1, Circle | SD 4, Livingston |
| SD 1, Clancy | SD 4, Swan River |
| SD 1, Corvallis | SD 4 & 28, Highwood |
| | SD 4 & 47, Whitehall |

STATISTICAL SECTION

| | | |
|----------------------------------|-----------------------------|---------------------------|
| Schools Districts (cont.) | SD 12, Rosebud | SD 29, Somers |
| SD 4, Silverbow | SD 12, Saco | SD 29, Wyola |
| SD 5, Basin | SD 12, Stanford | SD 30, Power |
| SD 5, Kalispell | SD 12 & 12, Molt | SD 30, Ronan |
| SD 5, Melrose | SD J12-5, Shields Valley | SD 30 & 6, Fromberg |
| SD 5, Park City | SD 13, Box Elder | SD 32, Clinton |
| SD 5, Sand Coulee | SD 13, Eureka | SD 32, Rapelje |
| SD 5, Sheridan | SD 13, Fishtail | SD 32J, Ashland |
| SD 5, Sidney | SD 13, Lone Rock | SD 33, Condon |
| SD 5, Terry | SD 13, Nashua | SD 33, Gold Creek |
| SD 6, Columbia Falls | SD 14, Bonner | SD 34, Seeley Lake |
| SD 6, Columbus | SD 14, Fortine | SD 35, Gallatin Gateway |
| SD 6, Lame Deer | SD 14, Hot Springs | SD 37, Shepherd |
| SD 6, Ryegate | SD 14, Malta | SD 38, Big Fork |
| SD 6, Trout Creek | SD 14, Shelby | SD 38, Lincoln |
| SD 6, Wibaux | SD 15, Custer | SD 40, Frenchtown |
| SD 6 & 1, St Regis | SD 15, Cut Bank | SD 41, Bozeman |
| SD 7, Boulder | SD 15, Ekalaka | SD 41, Lavina |
| SD 7, Bozeman | SD 15, Kalispell | SD 41, Pioneer |
| SD 7, Charlo | SD 15 & 6, Florence-Carlton | SD 43, Lamotte |
| SD 7, Gardiner | SD 15 & 17, Willow Creek | SD 43, Turner |
| SD 7, Grant | SD 16, Harlowton | SD 44, Belgrade |
| SD 7, Hinsdale | SD 16, Havre | SD 44, Geraldine |
| SD 7, Joliet | SD 17, Culbertson | SD 44, Moore |
| SD 7, Lolo | SD 17, Morin | SD 44, Whitefish |
| SD 7, Medicine Lake | SD 17H, Hardin | SD 45, Augusta |
| SD 7, Twin Bridges | SD 18, Valier | SD 45, Golden Ridge |
| SD 7, Victor | SD 18, Woodman | SD 45, Wolf Point |
| SD 7 & 2, Savage | SD 19, Colstrip | SD 48-1J & 48-2J, Chester |
| SD 7 & 70, Laurel | SD 20, Garrison | SD 49, Raynesford |
| SD 8, Arlee | SD 20, Kila | SD 50, East Glacier |
| SD 8, Elder Grove | SD 20, Plentywood | SD 50, Evergreen |
| SD 8, West Glacier | SD 20, Whitewater | SD 50, Hays |
| SD 8, White Sulphur Springs | SD 21, Broadview | SD 52, Absarokee |
| SD 9, Browning | SD 21, Fairfield | SD 52, Billings |
| SD 9, Darby | SD 21, Galata | SD 52, Ennis |
| SD 9, Dixon | SD 23, Billings | SD 55, Brockton |
| SD 9, East Helena | SD 23, Harrison | SD 55, Plevna |
| SD 9, Opheim | SD 23, Lustre | SD 55, Roundup |
| SD 9, Poplar | SD 23, Missoula | SD 55F, Sun River Valley |
| SD 9 & 9, Reed Point | SD 23, Polson | SD 57, Havre |
| SD 10, Anaconda | SD 23, Roberts | SD 58, Geyser |
| SD 10, Cayuse | SD 24, Three Forks | SD 58, Whitefish |
| SD 10, Chinook | SD 24, Worden | SD 58, Yellowstone |
| SD 10, Conrad | SD 25, Hobson | SD 64, Bainville |
| SD 10, Dillon | SD 26, Lockwood | SD 64, Mountain View |
| SD 10, Noxon | SD 27, Elliston | SD 64J, Melstone |
| SD 11, Brorson | SD 27, Grass Range | SD 65, Froid |
| SD 11, Potomac | SD 27, Monforton | SD 69, West Yellowstone |
| SD 11 & 2, Drummond | SD 27, Montana City | SD 72, Ophir |
| SD 12, Baker | SD 28C, Dutton | SD 73, Swan Lake |
| SD 12, Harlem | SD 28, St Ignatius | SD 74, Roy |
| SD 12, Havre | SD 29, Belt | SD 74, Vaughn |
| SD 12, Lima | | SD 75, Amsterdam |

STATISTICAL SECTION

School Districts (cont.)

SD 75, Arrowhead
SD 75, Fairfield
SD 78J & 2, Richey
SD 84, Denton
SD 85, Ulm
SD 86 & 4, Lambert
SD 87, Box Elder
SD 89, Smith Valley
SD 99M, Rudyard
SD 104, Spring Creek
SD 115, Winifred
SD 159, Winnett
Judith Gap Schools

Other Agencies (98)

Anaconda Housing Authority
Bear Paw Cooperative
Bert Mooney Airport Authority
Big Country Educational Cooperative
Big Fork Water & Sewer
Big Sky County Water & Sewer District
Big Sky Economic Development Authority
Big Sky Special Education Cooperative
Billings Housing Authority
Bitterroot Conservation District
Bitterroot Valley Special Education Cooperative
Buffalo Rapids Irrigation District
Butte Housing Authority
Cascade County Conservation District
Central Montana Special Education Cooperative
Central Valley Fire District
Chouteau County Conservation District
Crown Hill Cemetery District
Daly Ditches Irrigation
Dawson County Urban Transportation District
Dawson College
Deer Lodge County Head Start Program

Dry Prairie Rural Water District
Eastern Yellowstone County Special Education Cooperative
Fallon Medical Complex
Fergus County Conservation District
Flathead County Special Education Cooperative
Flathead Conservation District
Flathead Joint Board of Control
Flathead Municipal Airport Authority
Flathead Valley Community College
Fort Shaw Irrigation District
Gallatin Airport Authority
Gallatin Canyon Consolidated Rural Fire District
Gallatin-Madison Special Education Cooperative
Gardiner-Park County Water District
Glasgow Housing Authority
Glasgow Irrigation District
Golden Triangle Health Center
Granite County Hospital & Nursing Home
Granite Conservation District
Great Divide Education Services
Great Falls International Airport
Greenfields Irrigation District
Helena Business Improvement District
Helena Housing Authority
Helena Regional Airport Authority
Helena Valley Irrigation District
Hill County Public Cemetery District
Hinsdale Water and Sewer
Human Resources Council District XI
Human Resources Council District XII
Judith Basin Conservation District
Lakeside County Sewer District
Larchmont Golf Course

Lewis & Clark Conservation District
Lewis & Clark Library
Liberty County Conservation District
Lincoln County Rural Fire District
Lockwood Rural Fire District #8
Lockwood Water District
Malta Cemetery District
Malta Irrigation District
Miles City Housing Authority
Miles Community College
Missoula Area Special Education Cooperative
Missoula County Airport
Missoula Rural Fire District
Northern Montana Joint Refuse Disposal District
North Central Learning Special Education Cooperative
North Valley Public Library
Pablo-Lake County Water District
Park County Rural Fire District #1
Park County Special Education Cooperative
Petroleum Conservation District
Phillips Conservation District
Pondera County Canal & Reservoir
Pondera County Cemetery District 2
Pondera County Council on Aging
Port of Montana — Port Authority
Prairie County Hospital District
Prairie View Special Services Cooperative
Prickley Pear Special Services Cooperative
Richland County Housing Authority
Roundup Community Library
Sanders Special Education Cooperative

STATISTICAL SECTION

Other Agencies (cont.)

Seeley Lake Missoula
County Water District
Sidney-Richland Airport
Authority
Teton County Cemetery
District
Teton County Conservation
Thompson Falls Rural Fire
District
Twin Bridges Public
Library
Upper Musselshell
Conservation District
Valley County
Conservation District
Victor Water & Sewer
Whitefish Housing
Authority
Yellowstone City-County
Health Dept
Yellowstone West Carbon
Special Education Cooperative

JRS (1)

Supreme Court

HPORS (1)

Dept of Justice

SRS (57)

State Agencies (1)

Dept of Justice

Counties (56)

Anaconda-Deer Lodge
Beaverhead
Big Horn
Blaine
Broadwater
Butte-Silver Bow
Carbon
Carter
Cascade
Chouteau
Custer
Daniels

Dawson
Fallon
Fergus
Flathead
Gallatin
Garfield
Glacier
Golden Valley
Granite
Hill
Jefferson
Judith Basin
Lake
Lewis & Clark
Liberty
Lincoln
Madison
McCone
Meagher
Mineral
Missoula
Musselshell
Park
Petroleum
Phillips
Pondera
Powder River
Powell
Prairie
Ravalli
Richland
Roosevelt
Rosebud
Sanders
Sheridan
Stillwater
Sweet Grass
Teton
Toole
Treasure
Valley
Wheatland
Wibaux
Yellowstone

GWPORS (7)

State Agencies (4)
Dept of Corrections
Dept of Fish, Wildlife &
Parks
Dept of Livestock
Dept of Transportation

Colleges & Universities (3)

Montana State University -
Billings
Montana State University -
Bozeman
University of Montana -
Missoula

MPORS (23)

Anaconda-Deer Lodge
Baker
Billings
Bozeman
Butte-Silver Bow
Columbia Falls
East Helena
Glasgow
Glendive
Great Falls
Havre
Helena
Kalispell
Laurel
Lewistown
Livingston
Miles City
Missoula
Plains
Red Lodge
West Yellowstone
Whitefish
Wolf Point

FURS (17)

State Agency (1)
Dept of Military Affairs

Cities & Towns (16)

Anaconda-Deer Lodge
Billings
Bozeman
Butte-Silver Bow
Columbia Falls
Glendive
Great Falls
Havre
Helena
Kalispell
Lewistown

STATISTICAL SECTION

Cities & Towns (cont.)

Livingston
Miles City
Missoula
Red Lodge
Whitefish

Chouteau
Custer
Daniels
Dawson
Fergus
Flathead
Gallatin
Garfield
Glacier
Granite
Hill
Jefferson
Judith Basin
Lake
Lewis & Clark
Lincoln
Madison
McCone
Mineral
Missoula
Musselshell
Park
Phillips
Pondera
Powder River
Powell
Prairie
Ravalli
Richland
Roosevelt
Rosebud
Stillwater
Sweet Grass
Teton
Toole
Valley
Yellowstone

Eureka
Fairfield
Fairview
Glasgow
Glendive
Great Falls
Hamilton
Hardin
Harlem
Havre
Helena
Kalispell
Laurel
Lewistown
Libby
Livingston
Miles City
Missoula
Moore
Polson
Red Lodge
Saco
Shelby
Sheridan
Sidney
Townsend
Troy
Whitefish

PERS-DCRP (237)

State Agencies (28)

Commissioner of Higher Education
Dept of Administration
Dept of Agriculture
Dept of Commerce
Dept of Corrections
Dept of Environmental Quality
Dept of Fish, Wildlife & Parks
Dept of Justice
Dept of Labor & Industry
Dept of Livestock
Dept of Military Affairs
Dept of Natural Resources & Conservation
Dept of Public Health & Human Services
Dept of Revenue
Dept of Transportation
Governor's Office
Legislative Council
Montana Historical Society
Montana State Library
Montana State Fund
Office of Public Defender
Office of Public Instruction
Public Employee Retirement Administration
Public Service Commission
School for the Deaf & Blind
Secretary of State
State Auditor's Office
Supreme Court

Cities & Towns (43)

Baker
Belgrade
Big Timber
Billings
Bozeman
Brider
Butte-Silver Bow
Chinook
Chouteau
Circle
Colstrip
Conrad
Cut Bank
Dillon
Ekalaka

Colleges & Universities (5)

Montana State University-Bozeman
Montana State University - Billings
Montana State University - Northern
MSU - College of Technology Great Falls
University of Montana - Missoula

High Schools (3)

Jefferson County
Powell County
Sweet Grass County

School Districts (81)

SD 1, Butte
SD 1, Fort Benton
SD 1, Glasgow
SD 1, Glendive
SD 1, Great Falls
SD 1, Helena

Counties (43)

Big Horn
Blaine
Broadwater
Carbon
Carter
Cascade

STATISTICAL SECTION

School Districts (cont.)

SD 1, Lewistown
SD 1, Missoula
SD 1, Plains
SD 1, Red Lodge
SD 1, Scobey
SD 1 & 7, Townsend
SD 2, Billings
SD 2, Deer Park
SD 2, Peerless
SD 2 & 7, Savage
SD 2, Stevensville
SD 2, Sunburst
SD 3, Billings
SD 3, Hamilton
SD 3, Westby
SD 4, Forsyth
SD 4, Hellgate
SD 4, Livingston
SD 4 & 28, Highwood
SD 4 & 47, Whitehall
SD 5, Kalispell
SD 5, Sidney
SD 6, Columbia Falls
SD 6, Columbus
SD 7, Bozeman
SD 7, Charlo
SD 7, Gardiner
SD 7, Lolo
SD 7 & 70, Laurel
SD 8, Arlee
SD 9, Dixon
SD 9, East Helena
SD 9, Poplar
SD 10, Anaconda
SD 10, Conrad
SD 10, Dillon
SD 12, Baker
SD 12, Saco
SD 13, Eureka
SD 13, Lone Rock
SD 15, Cut Bank
SD 15, Ekalaka
SD 16A, Havre
SD 17H, Hardin
SD 20, Plentywood
SD 21, Galata
SD 23, Lustre
SD 23, Missoula
SD 23, Polson
SD 24, Three Forks
SD 24, Worden
SD 25, Hobson
SD 26, Lockwood

SD 30, Ronan
SD 38, Big Fork
SD 38, Lincoln
SD 44, Belgrade
SD 44, Whitefish
SD 50, Evergreen
SD 50, Hays
SD 52, Absarokee
SD 52, Ennis
SD 55, Brockton
SD 58, Geyser
SD 64, Bainville
SD 72, Ophir
SD 74, Vaughn
SD 75, Fairfield
SD 85, Ulm
SD 89, Smith Valley
SD 115, Winifred
SD J12-5, Shields Valley
SD 99M, Rudyard
Greenfield School
Judith Gap School

Human Resources Council
District XII
Larchmont Golf Course
Lewis & Clark Library
Lockwood Water & Sewer
District
Miles City Community College
Missoula County Airport
North Valley Public Library
Northern Montana Joint
Refuse Disposal District
Park County Rural Fire
District
Prairie County Hospital
District
Prairie View Special
Services COOP
Richland County Housing
Authority
Teton County Cemetery
District
Yellowstone City-County
Health Dept

Other Agencies (34)

Big Fork Water & Sewer
Big Sky Co Water &
Sewer District
Big Sky Economic
Development Authority
Bitterroot Valley Special
Education Cooperative
Center for Mental Health
Dawson College
Flathead Municipal
Airport Authority
Flathead Valley
Community College
Gallatin Airport Authority
Gallatin Canyon Consolidated
Rural Fire Department
Gallatin Conservation District
Glasgow Irrigation District
Granite County Hospital &
Nursing Home
Great Divide Education
Services
Great Falls International Airport
Greenfields Irrigation District
Helena Housing Authority
Helena Regional Airport
Authority
Human Resources Council
District XI

Deferred Compensation (16)

*State of Montana
Big Sky County Water & Sewer
District
Carter County
Dawson Community College
Great Falls Transit
Lewis & Clark County
Montana State University -
Bozeman
Montana State University -
Billings
Montana State University -
Northern
MSU College of Technology -
Great Falls
North Valley Public Library
SD 2, Billings
SD 2, Peerless
Town of Sheridan
Town of Whitehall
University of Montana -
Missoula

*Considered one agency. There
are a total of 28 State of Montana
agencies reporting to the PERS-
DCRP